



The Political, Security, and Climate Landscape in Oceania

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Executive Summary

Research Question

The current strategic landscape in Oceania comprises a variety of complex and cross-cutting themes. The most salient of which is climate change and its impact on multilateral political networks, the security and resilience of governments, sustainable development, and geopolitical competition. These challenges pose both opportunities and threats to each regionally-invested government, including the United States — a power present in the region since the Second World War. This report sets out to answer the following questions: what are the current state of international affairs, complexities, risks, and potential opportunities regarding climate security issues and geostrategic competition in Oceania? And, what policy recommendations and approaches should the US government explore to improve its regional standing and secure its national interests? The report serves as a primer to explain and analyze the region's state of affairs, and to discuss possible ways forward for the US government. Given that we conducted research from August 2019 through May 2020, the global health crisis caused by the novel coronavirus added additional challenges like cancelling fieldwork travel. However, the pandemic has factored into some of the analysis in this report to offer a first look at what new opportunities and perils the United States will face in this space.

Bottom line up front

In light of increased climate risks and a growing Chinese presence in Oceania, the US needs to expand its engagements and commitments in the region. A variety of American assets, such as space situational awareness facilities, radar installations, missile test sites, and ballistic missile defense systems — all of which empower US and allied operations in the Indo-Pacific and across the globe — are based in Oceania. Climate change and China's growing presence will have long term impacts on these assets and the partnerships upon which the US relies. The US has significant opportunities to increase engagement with Pacific Island Countries (PICs) to address these challenges. Further, in partnering with regional actors such as New Zealand, Australia, France, Japan, and even China, the US can further promote a free and open Indo-Pacific.

We recommend the US continue to increase its regional involvement in a variety of ways, including providing global leadership on climate change, renewing existing Compacts of Free Association with Micronesia, the Marshall Islands, and Palau using existing financial and technical assets to support and fund development and infrastructure aimed at climate resilience, promoting the FRANZ Agreement and regional leadership through the Pacific Islands Forum, and using military funding to address the vulnerability to climate change of US military assets in the region.

Stakeholder Analysis

This report analyzes the geopolitical implications of climate change and competition in Oceania's strategic landscape. Oceania, as a region, is made up of twenty-two countries and territories. The larger project undertaken by our research group focused, in the main, on Fiji, Kiribati, The Federated States of Micronesia (FSM), Marshall Islands, Nauru, Niue, Palau, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, and Vanuatu. However, this analysis will include some discussion of regional territories and Papua New Guinea. Stakeholders analyzed include the US, Oceania's multilateral organizations, China, Australia, New Zealand, France, and Japan. The essay concludes with policy recommendations for the US government.

In addition to the existential threats facing PICs and their citizens, multiple American assets in Oceania are threatened by climate change. Further, China's growing regional influence will likely be an obstacle to the US Department of Defense's mission to secure a free and open Indo-Pacific. Today, the US has military assets in three Oceanic countries, ensures the security of three countries with which it has Compacts of Free Association (COFA), and holds three territories. In 2018, the US provided \$290 million toward security guarantees. Since 2011, the US has contributed \$1.19 billion in official development assistance to Oceania, making it the fourth largest state donor behind Australia, China, and New Zealand.

Despite these assets and commitments, the US has relied on Australia, France, and New Zealand to play a large role in disaster response through the 1992 FRANZ Agreement. US foreign policy's attention elsewhere over the last 20 years and its faltering leadership on climate issues have deteriorated the US' regional role. However, the rebalance to Asia and the 2017 National Security Strategy have recognized the need for a renewal of US engagement in the region. Going forward, the US has opportunities to do so in renewing COFAs, increasing its leadership and investment in climate change, and expanding existing engagements in ways that advance economic and security partnerships.

In Oceania, the Pacific Islands Forum and other regional multilateral institutions advance small island developing states' (SIDS) interests in economic development, building disaster resilience, adapting to climate threats, and advocating for climate mitigation. The PIF and other fora pool resources and rely on partnerships with outside partners. PIF's 2014 Framework for Pacific Regionalism restructured the Forum and reaffirmed members' commitment to these interests and their intent to work with productive outside partners within its defined frameworks and institutions.

China is the newest actor to play a major role in the region's contemporary history. China has become the largest lender to the developing world, and its economic and financial influence under the \$4 trillion Belt and Road Initiative has reached six Oceanic states. China uses this

influence to build partnerships, isolate Taiwan, and provide China footholds and access to strategic sea-lanes, ports, and supply chains. Of particular note, Chinese financial aid and investments primarily come in the form of loans, which differs greatly from the grant-based programs hosted by the US and Australia. China's influence in Oceania is growing at a time when the country's military is becoming more assertive globally, voicing its displeasure with the liberal, rules-based international order, and using its soft and economic power, as well as its record on fighting climate change, to cultivate partnerships.

Australia is the largest trading partner for many Oceanic states and is the region's largest donor. Along with New Zealand, Australia shares the strongest cultural ties with Oceanic states and the two countries, along with France, play a vital role in Oceania's security and disaster response efforts. In late 2018, Australia announced its Pacific Step-Up, an initiative reaffirming and strengthening its role in the south Pacific in light of increased Chinese influence. The Step-Up seeks to increase Australia's economic role in the region, already standing at \$7.38 billion in Official Development Assistance as well as committing to \$1.27 billion in military aid over the next 30 years. In spite of its renewed commitments, Australia's refusal to include climate science-based agendas and take seriously the climate-related threats facing PICs in its regional foreign policy initiatives, plus its coal export's contribution to global emissions, have undermined Australia's regional leadership and standing in Oceania.

New Zealand plays a similar role and its Pacific Reset is similar to the Step-Up. New Zealand's Official Development Assistance to the region, \$1.51 billion, is second to Australia's. New Zealand's trade with PICs amounts to \$2.39 billion. New Zealand has raised the priority placed on the Defence Force's ability to operate in the South Pacific to the same level as New Zealand's territory, the Southern Ocean and Antarctica. Recognizing the climate challenges facing Pacific Island states, the New Zealand Defence Force may be faced with more frequent and concurrent operational commitments, which may reduce readiness for other requirements. Further, the country has a variety of shared cultural initiatives and worker programs for Pacific island nationals. Unlike Australia, New Zealand is a productive partner on climate issues.

France played a dominant colonial role in Oceania during the late 19th century. Today, New Caledonia, Wallis and Futuna, and French Polynesia are French territories. 93% of France's exclusive economic zones (EEZs) are located in the Indian and Pacific Oceans. France is a key partner in the FRANZ Agreement, has approximately 8,000 troops stationed in Oceania, and pledged support to combat growing Chinese influence in the region in 2019 through its new strategy for an inclusive Pacific. France has played an important international role in combating climate change, and future multilateral initiatives addressing climate security would do well to include France.

Japan played an imperial role in Oceania by holding League of Nation mandates over large swaths of Oceania after World War I. Today, Japan has translated its historic role into one of a shared Pacific island nation identity and plays a productive role through economic assistance and numerous climate initiatives. Since 2011, Japan has granted \$1.1 billion in aid grants. Like the US and other Pacific allies, Japan recently committed to increasing its security contributions.

Policy Recommendations for US Government

As a result of the stakeholder analysis, the report suggests the following policy recommendations and considerations:

Early Warning and Risk Reduction

- The US Government's scientific assets and capabilities in Hawaii, such as National Oceanic and Atmospheric Administration resources, should be used to support the FRANZ Agreement with early warning capabilities.
- Further, the US should seek to support the FRANZ Agreement and Oceanic states through the Center for Excellence in Disaster Management and Humanitarian Assistance (CFE-DM) Humanitarian and Disaster Response Training. Such efforts should focus on building local capacity and ensure that FRANZ and other disaster response plans do not crowd out or otherwise adversely affect local resources.

Economic Engagement

- US Official Development Assistance should be given in grants to the greatest degree possible.
- US Development Finance Corporation, established in the 2018 BUILD Act, and USAID projects should ensure infrastructure and development projects are both sustainable economically and help address climate resilience and disaster preparedness. Further, projects should address regional data and imagery deficiencies and programs should be geared towards worker training and economic opportunity.
- In addition to infrastructure projects, Development Finance Corporation, funds should be allocated to Oceania to provide technical assistance geared towards increasing SIDS capacity to assess contracts, avoid debt-trap deals, and partner with American firms.
- The Office of the US Trade Representative should grant Generalized System of Preferences trading status to Oceania's small island developing states.

Diplomatic Engagement

- The US Department of State should renew the 20-year Compacts of Free Association with Federal States of Micronesia and the Republic of the Marshall Islands that are set to expire in 2023, and Palau in 2024.
- The US Department of State should explore ways to increase work permits to the mainland US from US territories in Oceania.
- US diplomatic engagement with the Pacific Islands Forum should be based out of respect for PIF's renewed processes for regional leadership and economic development, as well as its ambitious climate change agenda.

Defense Interests

- US Department of Defense funding should be allocated to address US military assets' vulnerabilities to rising sea levels.
- USINDOPACOM should continue to support Multinational Planning Assistance Team (MPAT) operations such as Tempest Express.
- USINDOPACOM should continue conduct operations like the Marine's Koa Moana, and should support the Army's development of Oceania-specific Pacific Pathways programs.
- Development and/or military funding to the Republic of the Marshall Islands should be allocated for cleaning up nuclear waste facilities stemming from past US testing.

Climate Leadership

- The Federal and State governments should seek global leadership on greenhouse gas emissions abatement, renewable energy innovations, and re-establish US commitments to the Paris Agreement.

United States

Oceania has garnered little US foreign policy attention since the Second World War, leaving New Zealand and Australia to maintain Western strategic influence in the region. In the Pacific theater of World War II, Admiral Chester Nimitz adopted a strategy of island hopping. Rather than engaging in direct naval warfare with Imperial Japan, he chose to secure small islands and atolls. His goal was to control supply routes, create airfields by which the US could better support its airpower, and to prepare for a potential invasion of mainland Japan. In doing so, US forces managed to undercut Japanese naval force projection throughout the region.¹ The US' successful execution of this strategy in WWII exemplifies the critical role Oceania and its island countries have in enabling a major power to influence, particularly by projecting military force, but also control economic and financial resources in the region. Further, the US' role in Oceania during the war translated into the US playing an unmatched role in the region's military, political, diplomatic, and economic affairs since the end of WWII. Following the end of WWII – and absent an immediate regional threat – American engagement in Oceania understandably waned. In the post-war era, more proximate regional allies, namely Australia and New Zealand, have become Oceania's preeminent partners. Yet today, as China's interest in the region grows, the balance of power in Oceania is being challenged.

As climate security issues increase in severity and pose threats to American assets in the region and as China seeks to expand its influence in the Asia-Pacific, the US has growing reasons to reaffirm and increase its commitment and presence in the region. US engagement in the region has waned in the post-war period, despite even the Obama administration's rebalance to Asia. Regardless of engagement, however, Oceania's importance to US interests in the region are quickly reaching new levels in the contemporary international system. This section presents core US interests at stake, US assets based in the region, and regional commitments and existing engagement initiatives that will undergird US geostrategic goals in the 21st century.

Core Interests

Oceania has featured minimally through the recent history of US activities in the region. As power dynamics shift, and the US repositions itself for the 21st century, the US' core interests in Oceania can broadly be characterized as the following:

- 1) A free and open Indo-Pacific — sovereignty, peaceful conflict resolution, transparent interactions, and freedom of navigation and overflight

¹ Alan Taylor, "World War II: The Pacific Islands," The Atlantic, September 25, 2011, <https://www.theatlantic.com/photo/2011/09/world-war-ii-the-pacific-islands/100155/>.

2) US access to strategic land and waterways surrounding Micronesia, Palau, and Marshall Islands

3) Unimpeded access to and control over strategic and military assets based in the region

The United States' most comprehensive strategic document regarding interests in the broader Indo-Pacific region states that the US is committed to a "free and open Indo-Pacific." According to the US government, this includes a responsibility to uphold:

- 1) Respect for sovereignty and independence of all nations;
- 2) Peaceful resolution of disputes;
- 3) Free, fair, and reciprocal trade based on open investment, transparent agreements, and connectivity, and;
- 4) Adherence to international rules and norms, including those of freedom of navigation and overflight.²

The US Department of State has maintained since 2018 that Oceania is a vital component of securing a free and open Indo-Pacific, identifying regional security and stability, sustainable growth and prosperity, environmental challenges, assistance for natural disasters, and people-to-people ties as key areas of bilateral cooperation.³

The US has a clear, vested interest in promoting peace and stability in Oceania given its historical trusteeship over many islands and numerous initiatives promoting democratization and development in the region. Moreover, diplomatic ties and agreements in Oceania guarantee the US' ability to secure overflight and basing across the Indo-Pacific.

China's rise and increased presence in Oceania introduces new challenges for the US' interests. China's recent involvement and investment in Oceania highlight the region's geostrategic value, and will be an integral part of determining the future balance of Pacific power. Chinese interests regionally range from shifting diplomatic recognition away from Taiwan and increasing its

² "Indo-Pacific Strategy Report" (Washington DC: US Department of Defense, June 1, 2019), 3-4, <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>.

³ "US Engagement in the Pacific" (US Department of State, September 3, 2018), <https://www.state.gov/u-s-engagement-in-the-pacific/>.

military and economic presence — goals that challenge the US’s desired free and open Indo-Pacific. US commitments to Taiwanese territorial integrity are ambiguous, given how sensitive China is to the issue, and Oceanian connections to Taiwan will further complicate the policies and actions the US makes to further its interests in the region. Whatever implicit and overt commitments Washington makes to Taiwan in the near future, the ability to decisively support Taiwan in a timely and sufficient manner depends on access to — and mobility through — Oceania.

Without a peer competitor vying for influence in the region since the Cold War, Oceania did not play prominently in US foreign policy and grand strategy. In the post-WWII and post-Cold War eras, the United States dedicated few resources to the promotion of peace and stability in Oceania.⁴ Per its National Security Strategy, the US relies on Australia and New Zealand to promote Western strategies with the PICs.⁵ US policy makers are now paying more attention to the region as China attempts to secure its influence and power projection around the second island chain.

Regional Commitments and Engagement

US Territories and Treaty Commitments

The US has Compacts of Free Association (COFAs) with the Federated States of Micronesia (FSM), the Marshall Islands, and Palau, and has both Guam and American Samoa as territories. These government and administrative relations make the US an integral player in Oceanian affairs and strengthen its role as a Pacific power. Consequently, the US has vested interests in — if not a heightened responsibility to — promote peace and stability in Oceania and the Western Pacific. Figure 1 details Oceanic states, their exclusive economic zones, and indicates the placement of US military assets, territories, and COFA partners.

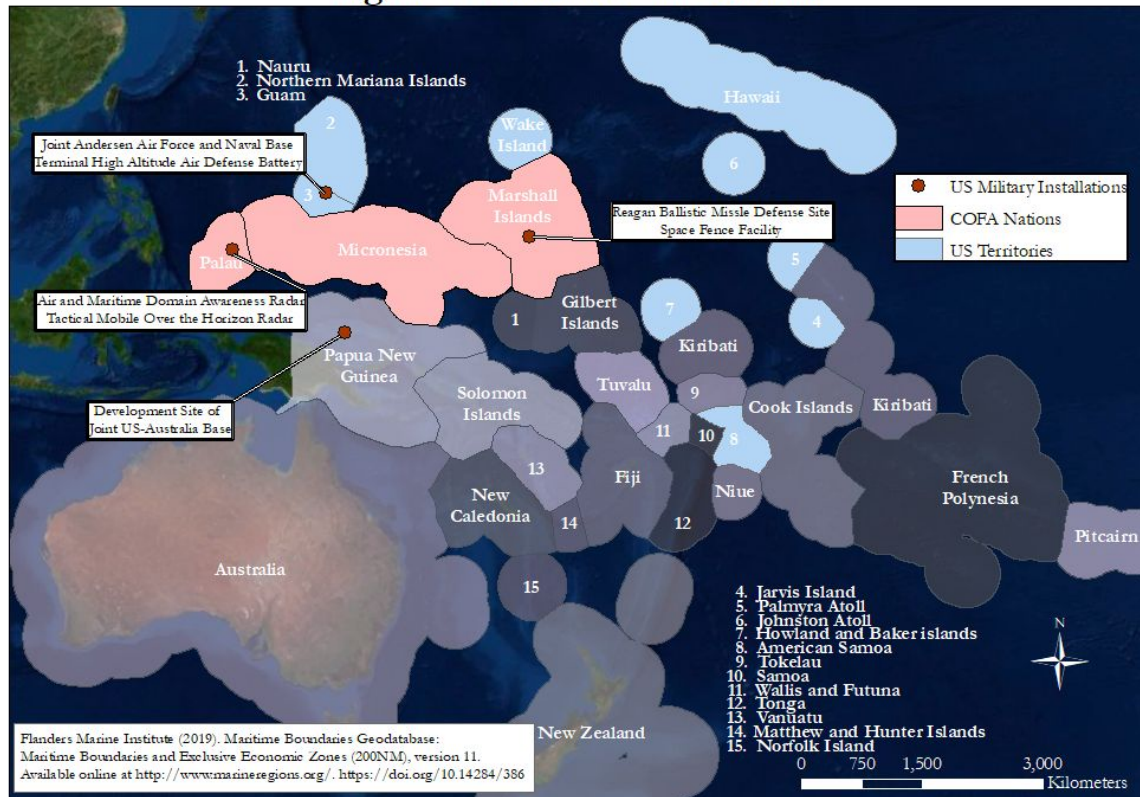
The Federated States of Micronesia (FSM), Republic of the Marshall Islands (RMI), and Republic of Palau are each freely associated states (FAS) with the US. The concept of “free association” first emerged between New Zealand and both the Cook Islands and Niue.⁶ Free association allows the smaller nations greater independence and self-governance while providing it visa-free movement for employment and residence in the larger nation. This formed the basis of the Compacts of Free Association with the US.

⁴ Eddie Walsh, “Why Oceania Matters,” *The Diplomat*, August 3, 2011, <https://thediplomat.com/2011/08/why-oceania-matters/>.

⁵ White House, “National Security Strategy of the United States of America” (Washington DC: White House, December 2017), 47, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

⁶ Derek Grossman et al., “America’s Pacific Island Allies: The Freely Associated States and Chinese Influence” (Santa Monica, California: RAND Corporation, 2019), 14, https://www.rand.org/content/dam/rand/pubs/research_reports/RR2900/RR2973/RAND_RR2973.pdf.

Figure 1: US Assets in Oceania



Under the Compacts the US has with each FAS, the US guarantees their defense and security, financial assistance, in addition to the right for FAS citizens to live, work, and study visa-free in the US.⁷ The Compacts designate the US Department of the Interior as responsible for administrative control of financial assistance programs, and the US Department of State as responsible for government-to-government affairs.⁸ Other US government agencies like the US Postal Service, Federal Aviation Administration, Federal Emergency Management Agency, among many others may provide additional services to the FAS.^{9, 10, 11}

⁷ *Ibid*, 16.

⁸ *Ibid*, 15.

⁹ "Republic of Palau: Political Status," US Department of the Interior, n.d., <https://www.doi.gov/oia/islands/palau>.

¹⁰ "The Marshall Islands: Political Status," US Department of the Interior, n.d., <https://www.doi.gov/oia/islands/marshallislands>.

¹¹ "Federated States of Micronesia: Political Status," US Department of the Interior, n.d., <https://www.doi.gov/oia/islands/fsm>.

In return, the US is allowed unfettered military access — in part to pursue its obligations to provide security to the three states — to the land, waterways, and airspace over each FAS. The Compacts also permit the US the option of establishing and using military areas and facilities in the FAS.¹² The FAS are prohibited, consequently, from taking national actions and enacting policies that the US government considers to be incompatible with its authority and obligations regarding security and defense matters.¹³

Separate from these compacts is Guam. The Guam Organic Act of 1950 established Guam as a US territory, conferred US citizenship on Guamanians, and transferred jurisdiction over the territory from the US Department of the Navy to the US federal government.¹⁴ Home to both Naval Station Guam and Andersen Air Force Base, Guam is an essential location for US military operations in the Pacific.

The current COFAs with FSM and RMI expire in 2023, and with Palau in 2024.¹⁵ At the same time, Guam is pushing for a plebiscite on its own COFA status.¹⁶ The early rounds of agenda-setting and scene-setting for the upcoming negotiations are ongoing.

Military Engagement: Regional Cooperation and Military Assets

US security cooperation in the region is relatively small in scope and scale in comparison to that of other regional partners such as Australia and New Zealand, but the US does base strategically significant assets, programs, and facilities throughout the region. Cooperation includes US-provided foreign military assistance financing and international military exercise and training programs. The US provides additional missions supporting and training regional militaries and law enforcement organizations, in addition to helping facilitate fora on regional security topics. Major US assets include space situational awareness facilities, radar installations, missile test sites, and ballistic missile defense systems - all of which empower US operations in the Indo-Pacific and across the globe.

Per the US Department of State, US bilateral security cooperation assists Pacific island nations to better ensure their own security, to contribute to global peacekeeping operations, and to respond to disasters and other crises. In 2018 the US provided \$290 million in Foreign Military Financing

¹² *Ibid*, 20.

¹³ *Ibid*, 21.

¹⁴ “Guam,” US Department of the Interior, n.d., <https://www.doi.gov/oia/islands/guam>.

¹⁵ Derek Grossman and Michael Chase, “Maintaining the US Edge in the Freely Associated States,” *The RAND Blog* (blog), September 3, 2019, <https://www.rand.org/blog/2019/09/maintaining-the-us-edge-in-the-freely-associated-states.html>.

¹⁶ Jennifer Kelleher, “Guam Pushes for Native-Only Vote on US Relationship,” *Navy Times*, October 11, 2018, <https://www.navytimes.com/news/your-navy/2018/10/11/guam-pushes-for-native-only-vote-on-us-relationship/>.

to strengthen security across the Indo-Pacific region. The United States also provides a combined \$750,000 annually in International Military Exercise and Training (IMET) funding to Papua New Guinea, Fiji, Tonga, and Samoa to support training and capacity building for military and police forces, and the Nevada National Guard conducts exchanges and training with Tonga under the State Partnership Program.¹⁷

The Oceania Maritime Security Initiative (OMSI) is another component of security cooperation in the region. MSI aims to diminish transnational illegal activity on the high seas in the Pacific island nations of Oceania's exclusive economic zones (EEZ) and enhance regional security and interoperability with partner nations.¹⁸ Under this initiative, the US DoD and US Coast Guard conduct joint exercises with partner countries and assist in missions to enforce laws at sea and to train local law enforcement personnel.¹⁹

USINDOPACOM directly engages with a number of partner nations and organizations in Oceania. USINDOPACOM components participate alongside regional partners France, New Caledonia, French Polynesia, Fiji, New Zealand, PNG, the Solomon Islands, Tonga, Tuvalu, and Vanuatu in the Multinational Planning Augmentation Team (MPAT), an informal program focused on improving multinational military crisis responses and developing small scale contingencies and military operations.²⁰ MPAT Tempest Express, in particular, is a recurring, multi-day exercise aimed at developing climate disaster response involving Humanitarian Assistance-Disaster Relief (HADR) Operations, Peace Enforcement Operations (PEO), Pandemic Response Operations, Maritime Security Operations (MARSEC), and national Noncombatant Evacuation Operations (NEO). USINDOPACOM components have and will continue to conduct a number of additional security operations such as the multinational Marine Exercise Koa Moana and the Army's Oceania-specific Pacific Pathways efforts in 2020.

In 2019, US DoD's Daniel K. Inouye Asia Pacific Center for Security Studies collaborated with the Pacific Islands Forum to host an Oceania National Security Policy workshop centered on

¹⁷ "US Engagement in the Pacific" (US Department of State, September 3, 2018), <https://www.state.gov/u-s-engagement-in-the-pacific/>.

¹⁸ 3rd Fleet Public Affairs, "USS Rushmore to Begin Oceania Maritime Security Initiative," US Department of the Navy, August 15, 2017, https://www.navy.mil/submit/display.asp?story_id=101933.

¹⁹ US Coast Guard District 14 Hawaii Pacific, "Coast Guard, Navy Complete Joint Oceania Maritime Security Initiative Patrol in the Pacific Ocean," US Indo-Pacific Command, May 1, 2018, <https://www.pacom.mil/Media/News/News-Article-View/Article/1509299/coast-guard-navy-complete-joint-oceania-maritime-security-initiative-patrol-in/>.

²⁰ Chad Chorzelewski, "U.S. Pacific Command Theater Security Cooperation: A Building Block to Cooperative Security in the Asia Pacific Region," Masters thesis, Marine Corps University, 2010. <https://apps.dtic.mil/dtic/tr/fulltext/u2/a603371.pdf>.

implementing the Boe Declaration — an agreement between the PIF members to collaborate on collective security issues presented by climate change and state actors alike.²¹

Military Basing and Assets

Some of the US' most high-profile and valuable military and security assets in the Western Pacific are hosted by PICs. In particular, the Marshall Islands, Palau, and Guam host many strategic US assets that enable US Integrated Air and Missile Defense systems (IAMD) designed to protect the US from missile attacks and provide the freedom to test new technology. These systems heavily depend on basing in Oceania and the Western Pacific. IAMD not only contributes to the strategic stability and the deterrence relationship between the US and China, but also defends against North Korean capabilities and offers security assurances to other Pacific partners such as South Korea and Japan. These objectives feature prominently in the US' 2017 National Security Strategy, 2018 Nuclear Posture Review, and its 2019 Missile Defense Strategy; US military and security assets in the Western Pacific are foundational capabilities for the Trump administration's geopolitical goals.^{22, 23, 24}

Below is an overview of key US national and international security assets in Oceania:

Marshall Islands

Ronald Reagan Ballistic Missile Defense Test Site offers a testing facility for radars, missiles, and satellites that include Raytheon, NASA, General Dynamics, MIT Lincoln Labs, and the Missile Defense Agency (MDA), among others. Current notable capabilities tested at the Reagan Test Site include Aegis, Terminal High-Altitude Air Defense, and Patriot systems.

Space Fence Facility is a US Air Force advanced surveillance system for tracking satellites and space debris in order to enable proactive space situational awareness and force modernization. This is also part of broader US efforts to enhance its space navigation capabilities in an increasingly crowded and contested orbital environment.²⁵ This capability is essential to building and enhancing US space situational awareness.

²¹ "Indo-Pacific Strategy Report", 47.

²² "National Security Strategy of the United States of America", 4.

²³ Office of the Secretary of Defense, "Nuclear Posture Review" (Washington DC: US Department of Defense, February 2018), 58, <https://media.defense.gov/2018/Feb/02/2001872886/-1/-1/1/2018-NUCLEAR-POSTURE-REVIEW-FINAL-REPO-RT.PDF>.

²⁴ Office of the Secretary of Defense, "Missile Defense Review" (Washington DC: US Department of Defense, January 2019), 41-44, <https://media.defense.gov/2019/Jan/17/2002080666/-1/-1/1/2019-MISSILE-DEFENSE-REVIEW.PDF>.

²⁵ "Space Fence," Lockheed Martin, n.d., <https://www.lockheedmartin.com/en-us/products/space-fence.html>.

Palau

Air and Maritime Domain Awareness (ADA/MDA) radar – In August 2017 the US and Palau announced in a joint statement plans to build Air and Maritime Domain Awareness (ADA/MDA) radar. The equipment is intended to monitor air and maritime traffic in the vicinity of Palau to enhance Palau’s enforcement of its territorial waters and exclusive economic zones, in addition to enhancing tracking capabilities in both domains for defense and security purposes.²⁶ Radar systems are expected to be functional in 2020.²⁷

Tactical Mobile Over the Horizon Radar (TACMOR) – Separate from the ADA/MDA systems is the Talon TACMOR intended to generate greater air domain awareness for the US Air Force, in addition to capabilities that can be shared with Palau.²⁸

Guam

Terminal High Altitude Air Defense (THAAD) Battery – includes launchers for hit-to-kill missile interceptors, operations center, and AN/TPY-2 radar. Not only does this system primarily defend against potential North Korean launches, it also interoperates with Aegis missile defense systems operated by the Navy at sea.²⁹

Joint Region Marianas – is a US Navy-controlled joint base combining Naval Base Guam and Andersen Air Force Base. It allows the Navy freedom of action throughout the Pacific, especially for its fast-attack nuclear submarines.³⁰ The airbase also enables US bomber and transport aircraft access to the wider Pacific. Both of these installations manage their respective branch and joint space operations.

Papua New Guinea

Lombrum Naval Base and Momote Airfield – was built by US forces on Manus Island during WWII. In November 2018, the US announced its intention to partner with PNG and Australia to redevelop the site into a joint naval base. While the US has yet to make formal commitments,

²⁶ Office of the President, Republic of Palau, “US Defense Cooperation Proposal,” *Facebook*, August 22, 2017, <https://www.facebook.com/PalauPresident/posts/877153105770123>.

²⁷ “Air and Maritime Radars to Aid PNMS, Safer Indo-Pacific,” *The Fiji Times*, March 11, 2019, <https://www.fijitimes.com/air-and-maritime-radars-to-aid-pnms-safer-indo-pacific/>.

²⁸ “Military Construction Program Fiscal Year (FY) 2019 Budget Estimates” (Department of the Air Force, February 2018), <https://www.saffm.hq.af.mil/Portals/84/documents/FY19/Air%20Force%20MILCON%20FY19.pdf?ver=2018-02-12-173403-060>.

²⁹ “Terminal High Altitude Area Defense (THAAD),” *Missile Defense Advocacy Alliance*, n.d., <https://missiledefenseadvocacy.org/defense-systems/terminal-high-altitude-area-defense-thaad/>.

³⁰ Jon Letman, “Guam: Where the US Military Is Revered and Reviled,” *The Diplomat*, August 29, 2016, <https://thediplomat.com/2016/08/guam-where-the-us-military-is-revered-and-reviled/>.

Australia and PNG signed a memorandum of understanding in 2019 to initiate the partnership. This trilateral initiative was started based on Chinese interest in the same sights on Manus Island.

^{31, 32}

The above facilities are essential to US Indo-Pacific Command (USINDOPACOM) operations and other US defense activities. Of particular note is the prevalence of missile, ballistic missile defense, radar, and space capabilities and how dependent US capabilities are on these facilities' basing in the region. The capabilities tested here are employed in theaters and COCOMs across the globe. Simply put, the US would not be able to test new technology to counter and defend against emerging threats, nor would it be able to project the force it currently does without the PICs and the basing locations they provide. The US therefore needs to maintain these assets if it wishes to address new areas and periods of competition.

Diplomatic Engagement

While the United States has embassies in Fiji, the Marshall Islands, the Federated States of Micronesia, Palau, Papua New Guinea, and Samoa, as well as a virtual presence post in Tonga, US diplomatic attention and engagement is relatively low, experiencing an upsurge under the Obama administration's rebalance to Asia that is currently being sustained by the Trump administration.

Fiji-US relations thawed in 2014, when the first democratic elections since 2006 ended a coup government.³³ Between 2006 and 2014, the US maintained visa restrictions on the coup government's leaders, and had ceased all financial assistance. After the 2013 election, declared free and fair by a Multinational Observational Group — of which the US was a member — the US lifted its sanctions, and re-initiated security cooperation activities with Fiji's democratic government.³⁴ China attempted to strengthen its ties with Fiji between 2006 and 2014, a period during which the US, Australia, and New Zealand ceased financial aid to Fiji.³⁵

³¹ Ben Wan Beng Ho, "The Strategic Significance of Manus Island for the US Navy," *US Naval Institute Proceedings* 144, no. 12 (December 2018),

<https://www.usni.org/magazines/proceedings/2018/december/strategic-significance-manus-island-us-navy>.

³² Neal Conan, "Australia, PNG, Sign Formal Agreement to Develop Naval Base on Manus Island," *Hawai'i Public Radio*, March 20, 2019,

<https://www.hawaiipublicradio.org/post/pacific-news-minute-australia-png-sign-formal-agreement-develop-naval-base-manus-island#stream/0>.

³³ Lucy Craymer, "US to Lift Sanctions on Fiji," *The Wall Street Journal*, October 29, 2014,

<https://www.wsj.com/articles/u-s-to-lift-sanctions-on-fiji-1414625638>.

³⁴ "US-Fiji Relations," US Embassy in Fiji, Kiribati, Nauru, Tonga, and Tuvalu, n.d.,

<https://fj.usembassy.gov/our-relationship/policy-history/>.

³⁵ Gregory Poling, "The Lessons in Fiji's Campaign to Change the PIF," Center for Strategic and International Studies, May 7, 2015, <https://www.csis.org/analysis/lessons-fiji%E2%80%99s-campaign-change-pif>.

The US has also maintained an embassy in Port Moresby, Papua New Guinea that has also served Vanuatu and the Solomon Islands since 1975. The US Department of State reports its regional diplomatic efforts have improved transparency and good governance as well as combating trafficking in persons, curbing the effects of climate change, protecting fisheries, improving public health, and promoting gender equality.³⁶

These missions and policy initiatives came to the fore under the Obama administration which sought greater regional engagement. The US government delegations to the Pacific Islands Forum annual meetings increased in both seniority and size during the rebalance. President Obama himself met with PIC leaders on the margins of the APEC Leaders Meeting in 2011; leaders of Kiribati, RMI, and Papua New Guinea at the Paris Climate Conference in 2015; and with the Pacific Island Leaders in 2016.³⁷ Climate change and climate security issues came to be primary foci for the Obama Administration and Oceanian countries.

The Trump administration's stated goals of competing with China has led it to pay a little more attention to the Pacific islands — particularly under the “Free and Open Indo-Pacific” strategy. The Trump administration has continued to increase the frequency of high-level visits between the US and Pacific islands, however, these visits have been, quite explicitly, reactionary to China's visits.³⁸ The Indo-Pacific Strategy moreover emerged a few years after President Trump entered office suggesting that current policy initiatives are playing catch-up with China's efforts to expand its own influence.

While numerous Pacific islands have noted and expressed appreciation for the Trump administration's increased diplomatic engagement, many also express concern about climate change and policies. The US intended withdrawal from the 2015 Paris Agreement at Trump's direction has shaken regional confidence on Pacific Island's concerns about climate change and the US' commitment to sustainable climate security initiatives - the region's top priority.³⁹ While the Obama administration's rebalance to Asia may have been driven by Chinese expansion, it was not a stated element of the new policy direction. The Trump administration's efforts to engage the region are frequently and explicitly tied to competition with China, who is a

³⁶ “Policy & History,” US Embassy in Papua New Guinea, Solomon Islands, and Vanuatu, n.d., <https://fj.usembassy.gov/our-relationship/policy-history/>.

³⁷ Amy Searight, Brian Harding, and Kim Mai Tran, “Strengthening the US-Pacific Islands Partnership” (Washington DC: Center for International and Strategic Studies, May 2019), 14, https://cis-prod.s3.amazonaws.com/s3fs-public/publication/190515_SoutheastAsia_U.S.PacificIslands_WEB.pdf.

³⁸ Colin Packham and Jonathan Barrett, “US Seeks to Renew Pacific Islands Security Pact to Foil China,” Reuters, August 5, 2019, <https://www.reuters.com/article/us-micronesia-usa-pompeo/u-s-seeks-to-renew-pacific-islands-security-pact-to-foil-china-idUSKCN1UV0UV>.

³⁹ “Strengthening the US-Pacific Islands Partnership”, 15.

welcomed development partner. The Pacific islands would rather not see US engagement framed exclusively in terms of US-China competition.⁴⁰

Looking ahead, the region itself has expressed a desire for greater diplomatic and security-related engagement particularly along lines of law enforcement at sea and climate security such as rising sea levels, erosion and population explosion.⁴¹

Economic Engagement

The US economy depends little on the resources, goods, and services from Oceania, but the region relies on US financial assistance and markets. The FAS in particular rely on US federal grants.

The United States is a critically important trading partner for PICs. The US is the largest export market for Fiji and is among the largest export markets for the vast majority of PICs.⁴² Since 2011, the United States has contributed \$1.19 billion in ODA to Oceania, across 578 projects. All US ODA to Oceania has been provided in grants. The top recipients of US ODA are FSM, accounting for 31.7% of all aid spent since 2011, the Marshall Islands, accounting for 19.5%, Oceania (Regional), accounting for 2.8%, PNG, accounting for 2.75%, and Palau, accounting for 2.72%.⁴³ Most projects funded by the US are related to healthcare, government and civil society, and humanitarian aid.⁴⁴ The largest projects are grants given to FAS.

Similarly, FAS are dependent on US financial aid. Between 2003 and 2024, the US will provide RMI and FSM \$3.6 billion in economic assistance. About one quarter of RMI government expenditures are supported by US funding.⁴⁵ These funds are accompanied by others that the US Office of Insular Affairs (OIA), under the Department of the Interior provides to all US Insular areas. In 2018, the US contributed \$710 million in OIA payments that supported health care, education, government operations, roads, and other types of social and physical infrastructure. In 2018 alone, this assistance supported a total of \$888 million of GDP across the areas. The most significant impacts on GDP that year were observed in FSM and RMI.⁴⁶ To put the amount in

⁴⁰ *Ibid*, 16.

⁴¹ John Grady, "Pacific Island Nations Want More US Engagement," USNI News, May 15, 2019, <https://news.usni.org/2019/05/15/pacific-island-nations-want-more-u-s-engagement>.

⁴² "Fiji Exports, Imports and Trade Balance by Country and Region in 2018," World Integrated Trade Solutions, n.d., <https://wits.worldbank.org/CountryProfile/en/Country/FJI/Year/2018/TradeFlow/EXPIMP>.

⁴³ "Pacific Aid Map." *Lowy Institute*, Accessed May 1, 2020. <https://pacificaidmap.lowyinstitute.org/>.

⁴⁴ *Ibid*.

⁴⁵ "Compacts of Free Association: Actions Needed to Prepare for the Transition of Micronesia and the Marshall Islands to Trust Fund Income" (Government Accountability Office, May 2018), 21, <https://www.gao.gov/assets/700/691840.pdf>.

⁴⁶ Brian Lim et al., "Economic Impacts Attributable to FY 2018 Federal Grants and Payments to Seven Insular Areas" (North Carolina: Research Triangle Institute, June 2019), 12-16, <https://www.doi.gov/sites/doi.gov/files/uploads/fy2018-oia-grants-payments-impact-analysis.pdf>.

perspective, in 2018 the GDP of FSM was \$402 million; the GDP of RMI was \$221 million; and the GDP of Palau was \$284 million.⁴⁷

The US-Oceania economic relationship is rather asymmetric. The US offers substantial opportunity for exports from Oceania, which is a critical negotiation point. Economically, Oceania needs the US more than the US needs Oceania; this gives the US significant economic and negotiating power in the region. At the same time, the assistance programs currently funded by the US also yield significant development in the region; US assistance is helping PICs — especially the FAS — develop self-sufficiency when it comes to infrastructure. At the same time, FAS are not fully independent, and will still require long-term assistance. Should US programs be terminated prematurely, they may look for other major powers in the Pacific — particularly China — for development assistance. While US and Chinese aid should not be treated as mutually exclusive, the US would miss an opportunity to address regional needs and secure influence and climate leadership if it reduces its financial aid commitments.

Outlook and Implications for the US in Oceania

Looking ahead the US faces two major obstacles to its regional interests: climate change and competing interests with China.

On the climate change front, rising sea levels, increased extreme weather events, and nuclear waste management issues demonstrate that this region is particularly prone to environmental risks that impact both US assets and local populations. Missile test sites cannot function when they are underwater, and radar systems need intact antennae to function — rising sea levels and increased storm severity will increasingly threaten the survivability of such assets, in addition to the livelihoods and security of local citizens.⁴⁸ A DoD report issued in 2019 explicitly recognizes that recurrent flooding reduces Naval Base Guam’s ability to sustain missions conducted by Navy Expeditionary Forces Command Pacific, submarine squadrons, telecommunications, among other activities. Recurrent flooding also negatively impacts operations and activities of contingency response groups at Andersen Air Force Base, as well as mobility response,

⁴⁷ “GDP (current US\$) - Micronesia” *World Bank Data*, Accessed May 1, 2010. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=FM>; “GDP (current US\$) - Marshall Islands” *World Bank Data*, Accessed May 1, 2010. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=MH>; “GDP (current US\$) - Palau” *World Bank Data*, Accessed May 1, 2010. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=PW>.

⁴⁸ Office of the Undersecretary of Defense for Acquisition, Technology, and Logistics, “Climate-Related Risk to DoD Infrastructure Initial Vulnerability Assessment Survey (SLVAS) Report” (Washington DC: US Department of Defense, January 2018), 7-11 <https://climateandsecurity.files.wordpress.com/2018/01/tab-b-slvas-report-1-24-2018.pdf>.

communications, combat, and security forces squadrons.⁴⁹ Additionally, the US-built Runit Dome on the Marshall Islands' Enewetak Atoll — which contains 3.1 million square feet of radioactive debris from the 44, out of 66 total, nuclear tests the US military conducted on the lagoon between 1946 and 1958 — is threatened by rising sea levels. As of this writing, the Department of Energy is assessing the site's susceptibility to climate change as well as the threats it poses to its surroundings.⁵⁰

As climate change becomes an increasingly influential factor in military and security initiatives, these assets will be exposed to greater environmental and political risks. Climate risks — increased frequency of extreme weather events, rising sea levels, higher ambient temperatures, among others — will create challenges for maintaining US assets and capabilities. These same risks will also impact the local and national politics of each PIC. Climate risks therefore impact not only US assets, but also the political basis for which those assets can be employed.

If the US wishes to sustain its operational and experimental IAMD capabilities it will need to make substantial steps towards acknowledging the daily impacts of — and adapting to — climate change, investing in disaster risk reduction (not only in terms of USINDOPACOM capabilities but also in local contexts) and consider making significant commitments to enhancing PIC governance capacity. PICs are strategic partners for the US whose utility for regional security will only increase, and meeting their political needs will become essential to sustaining US security initiatives and potential competition with China.

The US's reluctance to engage on climate issues, and the Trump Administration's choice to withdraw from the Paris Agreement have damaged the US' reputation in this region. Climate issues are the PIC governments' top priority, are persistent threats in the military operating environment, and impact FAS and other PIC citizens' daily lives. For the US to avoid this aspect of foreign policy not only alienates it from the region's governments, it turns a blind eye to real threats to military capabilities.

These developments come at a time where China is trying to make its own inroads into the region, and as these states face existential threats from changing climate. Public opinion in PIC and COFA states matters as they factor significantly in local and national politics. Public grievances regarding the US military presence and climate concerns, in addition to other needs will inform the negotiating positions for the PICs in their upcoming COFA renewals.

⁴⁹ Office of the Undersecretary of Defense for Acquisition and Sustainment, "Report on Effects of a Changing Climate to the Department of Defense" (Washington DC: US Department of Defense, January 10, 2019), 8, <https://media.defense.gov/2019/Jan/29/2002084200/-1/-1/1/CLIMATE-CHANGE-REPORT-2019.PDF>.

⁵⁰ Suzanne Rust, "How the U.S. Betrayed the Marshall Islands, Kindling the next Nuclear Disaster," Los Angeles Times, November 10, 2019; "New Law Requires Probe of Marshall Islands Dump Threatened by Rising Seas," Omaha.com, January 1, 2020.

US commitments to investments in their resiliency and disaster preparedness will likely improve the US-COFA states' relations, enabling US power projection in the next COFA framework. Renewing the COFAs and guaranteeing US access to its facilities will require a more robust and comprehensive approach than in the past; not only will the US need to divert more resources to adapt to climate change and its associated risks but also make greater contributions to state governance capacities to do the same.

US initiatives with and in the FAS, though, set a precedent for other PICs to judge whether or not — and how — they would like to engage the US, or if they would rather include China on development, climate, and security matters. There is a desire for greater US engagement in the region, especially on both climate security and traditional security issues, and this represents an obvious and clear opportunity for mutually beneficial cooperation between the US and PICs.

The Trump administration has framed US-China activities in the Pacific as one almost exclusively of competition. This poses a risk to US diplomatic efforts to increase its engagement in Oceania. In creating a narrative of exclusive competition, the US risks further alienating the PICs who see China as a welcome development partner. Alienating these countries as a result of needlessly treating Oceania as an area of US-China winner-takes-all competition would limit the US' ability to project power elsewhere in the Pacific like Japan, Korea, and the Strait of Taiwan. Put another way, the US needlessly adopting an adversarial approach to China in Oceania might undercut its ability and legitimacy to challenge Chinese actions and assertions elsewhere in Asia. US policymakers should neither not fall prey to a false dichotomy of a US- or Chinese-only presence in the region, especially when it comes to sustainable development and climate security. US-Chinese cooperation in the region may still offer opportunities for the US to shape the Pacific's strategic landscape, and promote democracy and human rights.

Oceania

Diplomatic/Regional Cooperation

Countries within Oceania face unique challenges in responding to key issues that threaten the viability and sustainability of their states. As climate disasters increase in frequency and intensity, states within Oceania are developing responses and solutions that can work in conjunction with their remote locations and lack of financial resources. Given that most Pacific Island countries (PICs) have small population sizes, operating within intergovernmental organizations can provide PICs with opportunities to pool their resources and speak with a louder voice in the international arena. Additionally, regional organizations allow PICs to collaborate and communicate with donors and avoid relying solely on states that are active in the region, such as Australia, New Zealand, the United States, or China.

*Pacific Islands Forum*⁵¹

The Pacific Islands Forum (PIF) functions as the leading regional political and economic policy organization. Consisting of 18 regional members, its vision is “for a region of peace, harmony, security, social inclusion and prosperity, so that all Pacific people can lead free, healthy, and productive lives.”⁵² In July 2014, the Forum developed a Framework for Pacific Regionalism, defined as: “The expression of a common sense of identity and purpose, leading progressively to the sharing of institutions, resources, and markets, with the purpose of complementing national efforts, overcoming common constraints, and embracing sustainable and inclusive development within Pacific countries and territories and for the Pacific region as a whole.”⁵³

The PIF specifies climate change and disaster risk management as a collective priority. In response, the Forum Secretariat developed its Framework for Resilient Development in the Pacific, which utilizes additional actors including Secretariat of the Pacific Regional Environment Programme, the University of the South Pacific, the Pacific Community, United Nations Development Programme, European Union, Australia, Germany, USAID, World Bank, and Asian Development Bank.⁵⁴ These actors work to coordinate and provide political advocacy and policy support so that members can more easily acquire financing to respond to natural

⁵¹ Papua New Guinea is a member of all organizations listed in this section.

⁵² “The Pacific Islands Forum.” *Pacific Islands Forum Secretariat*, Accessed May 4, 2020.
<https://www.forumsec.org/who-we-arepacific-islands-forum/>

⁵³ *Ibid.*

⁵⁴ “Climate Change and Disaster Risk Management.” *Pacific Islands Forum Secretariat*, Accessed May 4, 2020.
<https://www.forumsec.org/climate-change-and-disaster-risk-management/#1507155872942-d7e24924-811e>.

disasters.⁵⁵ This Framework “takes an all-stakeholder approach as building resilience is everyone’s business.”⁵⁶ The Framework serves as an example of the regional collaboration and accountability that PICs are using in their response to climate change.

As climate resilience remains a serious concern for PIF and its members, the Forum developed a Pacific Resilience Partnership. This task force includes a rotating membership that includes 5 positions for countries and territories, 5 positions for civil society and the private sector, and 5 positions for regional organizations and development partners.⁵⁷ This membership structure serves to ensure that the taskforce has representation from each of these three categories without creating future hindrances with an organization that has too many members. The taskforce has five technical working groups, which are intended to “coordinate technical agencies and expertise on a particular issue and to harmonize approaches at the national level.”⁵⁸ The working group topics include localization, information and knowledge management, human mobility, disaster risk financing, and risk governance.⁵⁹

The PIF also facilitates collaboration and cooperation between other existing regional organizations through its Council of Regional Organisations of the Pacific (CROP). CROP’s purpose is to coordinate regional organizations and help develop policy at various levels.⁶⁰ Beginning in 2018, CROP agencies began to submit an annual report to PIF in order to share their efforts and achievements. CROP serves as an iteration of regionalism and the commitment of actors within the region to collaborate on issues that affect the region as a whole. CROP receives its funding from participating organizations.

A regional approach stands as the most effective way for individual countries to respond to natural disasters and to develop increased disaster resilience, although external partners remain a crucial component for success. The PIF holds an annual meeting with its Dialogue Partners, which include Canada, People’s Republic of China, Cuba, European Union, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Malaysia, Philippines, Spain, Thailand, Turkey, United Kingdom, and United States.⁶¹ The PIF utilizes Dialogue Partners to support the Forum’s priorities in the region while ensuring the Partners are providing useful assistance. By

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*

⁵⁷ “PRP Taskforce.” *Pacific Resilience Partnership*, Accessed May 4, 2020.

<http://www.resilientpacific.org/taskforce/>.

⁵⁸ “Technical Working Groups.” *Pacific Resilience Partnership*, Accessed May 4, 2020.

<http://www.resilientpacific.org/technical-working-groups/>.

⁵⁹ *Ibid.*

⁶⁰ “Council of Regional Organisations of the Pacific.” *Pacific Islands Forum Secretariat*, Accessed May 4, 2020.

<https://www.forumsec.org/council-of-regional-organisations-of-the-pacific/>.

⁶¹ “Pacific Islands Forum.” *Pacific Islands Forum Secretariat*, Accessed May 4, 2020.

<https://www.forumsec.org/who-we-arepacific-islands-forum/>.

providing an avenue through which Partners can work with the Forum to determine the most efficient and effective ways to help the Forum reach its goals, this process helps to avoid redundancy and financial assistance that proves ineffective.⁶² The PIF operates with a staff of around 100.⁶³ According to the PIF's most recently published annual report, the organization operates with a budget of \$9,038,574.⁶⁴

Secretariat of the Pacific Regional Environment Programme

The Secretariat of the Pacific Regional Environment Programme (SPREP) is a regional organization that focuses on sustainable development and environmental issues. SPREP began a five year initiative titled the Pacific Ecosystem-based Adaptation to Climate Change Project (PEBACC).⁶⁵ This initiative includes the governments of Fiji, Solomon Islands, and Vanuatu and through this project, these governments are able to collaborate with one another as well as with other international organizations to increase resilience to climate change through natural ecosystems. SPREP's funding comes primarily from donors for specific projects. As of 2019, SPREP's core budget amounted to \$4,271,168 with an additional \$25,450,674 for projects provided by external donors. The European Union and Green Climate Fund stand out as substantial donors, each committing around \$8 million.⁶⁶ Headquartered in Samoa, SPREP maintains a staff of 150.⁶⁷

A primary goal for PEBACC is to identify ways to use an ecosystem-based approach (EBA) to develop climate resiliency. By taking this approach to adaptation measures, PEBACC capitalizes on existing local knowledge about the ecosystem's role in climate resiliency and allows participating governments to collaborate and find the most effective ways to respond to climate change.

Here is an example of a typical project facilitated by SPREP. In a 2019 learning exchange between Fiji and Vanuatu, Vanuatu's Senior Forest Officer, Presley Dovo, visited Fiji with his

⁶² "Forum Dialogue Partners." *Pacific Islands Forum Secretariat*, Accessed May 4, 2020. <https://www.forumsec.org/dialogue-partners/>.

⁶³ "Forum Secretariat Staff." *Pacific Islands Forum Secretariat*, Accessed May 4, 2020. <https://www.forumsec.org/who-we-arepacific-islands-forum/>.

⁶⁴ "Annual Report 2017." *Pacific Islands Forum Secretariat*, Accessed May 16, 2020. <https://www.forumsec.org/wp-content/uploads/2020/01/PIFS-AR-2017-comp.pdf>.

⁶⁵ "PEBACC Home." *Secretariat of the Pacific Regional Environmental Programme*, Accessed May 4, 2020. <https://www.sprep.org/pebacc>.

⁶⁶ "Work Programme and Budget for 2018 & 2019." *Secretariat of the Pacific Regional Environmental Programme*, Accessed May 4, 2020. https://www.sprep.org/attachments/Circulars/2018_2019%20workplan%20and%20budget%20final%20290817.pdf

⁶⁷ "Our Team." *Secretariat of the Pacific Regional Environmental Programme*, Accessed May 4, 2020. <https://www.sprep.org/our-team>.

staff to learn about techniques the Fijian Ministry of Forestry uses with regard to mangroves.⁶⁸ Alongside Conservation International, the Ministry of Forestry took the staff from Vanuatu around Fiji to demonstrate strategies for replanting mangroves and selecting which mangrove species to use. According to Dovo, this exchange provided new ideas about how to protect new mangrove growth, such as placing fencing around seedlings to prevent them from being overrun with debris.

SPREP serves as a good example of how states within Oceania are collaborating on adaptation measures. A significant amount of efforts towards adaptation do not come from a unilateral approach, but use cooperation and coordination between governments, NGOs, and other international actors. Collaboration is a key component in a region populated by small states with huge climate concerns. Various governments within Oceania have joined intergovernmental organizations such as SPREP or another regional grouping, the Melanesian Spearhead Group. By combining existing knowledge and resources and working together to communicate with the international community as a whole, states within Oceania are expanding their opportunities for adaptation and resilience. This coordination also comes with participation from other international organizations, whether through providing funding or assistance for projects such as the learning exchange.

Pacific Community

The Pacific Community (SPC) functions as a development organization that also provides scientific and technical knowledge to its member states. Its divisions focus in large part on issues that relate to climate change or sustainability. With members ranging both from PICs to Australia, France, and the United States, SPC actively collaborates with other regional organizations and is committed to the Framework for Pacific Regionalism.⁶⁹ In 2019, SPC operated with a budget of \$74,937,490 and a staff between 500-600.⁷⁰ It also supports regional offices in Melanesia and Micronesia. Most of the budget comes from member contributions, with

⁶⁸ “Pacific Ecosystem-based Adaptation to Climate Change (PEBACC) Newsletter, Issue 8, December 2019.”

Secretariat of the Pacific Regional Environmental Programme, Accessed May 4, 2020.

https://www.sprep.org/sites/default/files/documents/publications/PEBACC%20newsletter_DEC%202019-min.pdf.

⁶⁹ “About Us.” *Pacific Community*, Accessed May 4, 2020. <https://www.spc.int/about-us>.

⁷⁰ “Pacific Community: Financial Statements for 2018.” *Pacific Community*, Accessed May 16, 2020.

https://spccfpstore1.blob.core.windows.net/digitallibrary-docs/files/e1/e1c29e36bb31b58a446848786a123460.pdf?sv=2015-12-11&sr=b&sig=1frvxtxO%2BAwZDzIRa2bKbBUH%2Bx7ymrKh1%2B%2FdJGXi%2Fw0%3D&se=2020-11-12T18%3A15%3A59Z&sp=r&rscc=public%2C%20max-age%3D864000%2C%20max-stale%3D86400&rsc=t=application%2Fpdf&rsd=inline%3B%20filename%3D%22Pacific_Community_Financial_Statements_2018.pdf%22

Australia and New Zealand providing voluntary contributions in addition to their regular contributions.⁷¹

SPC's Climate Change and Environmental Sustainability Programme (CCES) directly focuses on the Pacific's response to climate change. CCES, similar to the Pacific Islands Forum, places emphasis on a multi-sector approach that relies on regional coordination. CCES receives most of its funding from the European Union, supplemented by France, adding up to €5.5 million, or \$6,160,550.⁷² SPC contributes heavily through its technical and scientific work and its existing avenues for development aid.⁷³

For states within Oceania, a varied, collaborative approach to resiliency and adaptation provides governments with effective, cost-efficient options. Pooling resources and knowledge throughout the region allows governments to continue responding and adapting to climate change through projects such as replanting and rehabilitating mangrove forests, which may seem small in scale, but could have huge impacts for reducing destruction caused by storms. Organizations like SPREP appear to be positive options for governments, especially because the international focus of the organization allows for regional and international collaboration.

Melanesian Spearhead Group

In addition to regional organizations that encompass much of Oceania, subregional groupings also play a role in responding to regional issues. Countries within Melanesia have been particularly successful in collective efforts through organizations such as the Melanesian Spearhead Group. Founded in 1988, the Melanesian Spearhead Group consists of Fiji, Papua New Guinea, Solomon Islands, Vanuatu, and the *Front de Liberation Nationale Kanak et Socialiste*, a movement in New Caledonia that calls for independence. Since its founding, the MSG has devised its own Trade Agreement, an Agreement Establishing the MSG, and is headquartered in Port Vila, Vanuatu. Its goals include “the entire decolonization and freedom of Melanesian countries and territories which were still under colonial rule in the South Pacific, thereby developing a stronger cultural, political, social, and economic identity and link between the people and communities of Melanesia.” The MSG hopes to achieve this in part by working

⁷¹ “SPC Budget: Financial Year Ending 31 December 2019.” *Pacific Community*, Accessed May 4, 2020. https://spccfpstore1.blob.core.windows.net/digitallibrary-docs/files/f6/f622b53d8bf705c118cae027de9f1618.pdf?sv=2015-12-11&sr=b&sig=yKkZYSeBd1oOvOAsJfe5inwDIQdvG31lIOSIEfxIg9I%3D&se=2020-10-14T18%3A27%3A43Z&sp=r&rsc=public%2C%20max-age%3D864000%2C%20max-stale%3D86400&rset=application%2Fpdf&rscd=inline%3B%20filename%3D%22SPC_budget_financial_year_ending_31_December_2019_002.pdf%22.

⁷² *Ibid.*

⁷³ “Climate Change and Environmental Sustainability.” *Pacific Community*, Accessed May 4, 2020. <https://www.spc.int/cces>.

towards decolonizing all Melanesian countries, primarily focusing on West Papua and New Caledonia.

The MSG's varied programs have strengthened regional solidarity. Broadly, their programs are divided into four categories: Political & Security Affairs; Trade, Investment & Economic Development; Governance & Legal Affairs; and Sustainable Development.⁷⁴ In addition to a Free Trade Agreement, the MSG has signed a variety of treaties in recent years, although they have yet to be ratified. These treaties, although they vary in subject, all continue to strengthen cooperation and coordination measures within Melanesia.⁷⁵ The member countries signed treaties to collaborate on police training, legal enforcement for cross border disputes, and protection of "traditional knowledge and expressions of culture."

In addition to treaties, the MSG has signed Memoranda of Understanding with different international organizations.⁷⁶ These memoranda typically include training for members of the MSG on particular issues or education pertinent to specific subject areas. International organizations come from individual member states, throughout Oceania, and states outside of the region. These organizations include The International Coconut Community, Oceania Customs Organisation Secretariat, South Pacific Tourism Organisation, International Institution for Democracy and Electoral Assistance, and the International Federation of Arts Councils and Culture Agencies Secretariat. By partnering with international organizations, the MSG continues to establish its place as a legitimate actor.

As climate security remains a shared concern for member states, the MSG recently developed a new Climate Finance Strategy.⁷⁷ This strategy was "declared first in the world to implement the COP23 Mandate" due to its response to the needs based Finance (NBF) Project developed by the United Nations Framework Convention of Climate Change (UNFCCC). The NBF Project's goal is to assist developing countries in implementing migration and adaptation policies based on their needs. The MSG was the first sub-regional group in the world to complete a Climate Finance Strategy, a source of pride for the MSG. By being the first to complete this strategy, the MSG has offered to assist other small island states regions in their development of a Climate Finance Strategy.

⁷⁴ *Melanesian Spearhead Group Secretariat*, Accessed May 4, 2020. <https://www.msgsec.info/>.

⁷⁵ "Treaties." *Melanesian Spearhead Group Secretariat*, Accessed May 4, 2020. <https://www.msgsec.info/treaties/>.

⁷⁶ "Memorandum of Understanding." *Melanesian Spearhead Group Secretariat*, Accessed May 4, 2020. <https://www.msgsec.info/memorandum-of-understanding/>.

⁷⁷ "MSG Climate Finance Strategy." *Melanesian Spearhead Group Secretariat*, Accessed May 4, 2020. <https://www.msgsec.info/msg-climate-finance-strategy-declared-first-in-the-world-to-implement-cop23-mandate/>.

The MSG has a staff of around 25.⁷⁸ According to the MSG's most recently published annual report, its total budget is \$4,183,633, coming from member contributions.⁷⁹ It also partners with SPC and SPREP. The MSG's priorities lie in facilitating trade in Melanesia and tackling legal and governmental issues that affect the region. Its interaction with climate change centered primarily on its development of the Climate Finance Strategy.

Military

Throughout Oceania, many of the present military forces come from external actors, particularly Australia, New Zealand, France, and the United States. Only three states within Oceania have military forces: Fiji, Tonga, and Papua New Guinea. In the cases of Fiji and Tonga, these military forces are not large by any measure, and predominantly assist existing police forces.^{80, 81}

In August 2018, Secretary of State Pompeo announced an increase in Foreign Military Financing (FMF) for Indo-Pacific states, specifically naming Papua New Guinea, Fiji, and Tonga.⁸² This increase of \$7 million for fiscal year 2018 was anticipated to extend into future years as well. The US also has established cooperation with these militaries in maritime security issues.⁸³

All other states in Oceania either fall under the protection of Australia, New Zealand, France, or the United States due to a defense agreement or their status as a territory or commonwealth.

Economic Collaboration

The economic status of Oceania varies greatly from state to state, but due to the small size and limited industrial capacity of many states, most rely on agriculture, fisheries, tourism, and foreign aid and remittances.

A significant number of entities within Oceania function as a commonwealth or territory of an external actor. US territories include Guam, the Northern Mariana Islands, and American Samoa, in addition to the COFA agreements. French territories include Wallis and Futuna, French

⁷⁸ "Melanesian Spearhead Group Secretariat Annual Report 2017." *Melanesian Spearhead Group Secretariat*, Accessed May 4, 2020. <https://www.msgsec.info/wp-content/uploads/annualreports/2017-Annual-Report.pdf>.

⁷⁹ "Annual Report 2017." *Melanesian Spearhead Group Secretariat*, Accessed May 16, 2020. <https://www.msgsec.info/wp-content/uploads/annualreports/2017-Annual-Report.pdf>.

⁸⁰ "RFMF Units." *Republic of Fiji Military Forces*, Accessed May 4, 2020. <https://www.rfmf.mil.fj/rfmf-divisions/>.

⁸¹ "Tonga." *Central Intelligence Agency*, Accessed May 4, 2020. <https://www.cia.gov/library/publications/the-world-factbook/geos/tn.html>.

⁸² Searight, Amy, Brian Harding & Kim Mai Tran. "Strengthening the U.S-Pacific Islands Partnership." *Center for Strategic & International Studies*, Accessed May 4, 2020. <https://www.csis.org/analysis/strengthening-us-pacific-islands-partnership>

⁸³ *Ibid.*

Polynesia, and New Caledonia. New Zealand territories include Tokelau, Niue, and Cook Islands and the United Kingdom has one small territory, Pitcairn. Territories and commonwealths tend to rely heavily on aid from these states.

The independent states in the region primarily rely on industries such as tourism, fishing, and agriculture. Some states also rely on foreign development aid and remittances from citizens working abroad. While a few states, such as Fiji, have regular success and stability in their industries, many states in the region depend on foreign aid and remittances. This trend will continue, particularly if natural disasters and climate change continue to affect the region's existing industries. According to the Pacific Islands Forum, in the event of climate disasters, finance becomes the most crucial aspect to disaster response. However, financing can be difficult for PICs to acquire, exacerbating the already precarious financial situation of many states.⁸⁴

⁸⁴ "Climate Change and Disaster Risk Management," Pacific Island Forum Secretariat, n.d., <http://uscompact.org/about/cofa.php>.

China

In conversations with regional experts, we heard two dominant perspectives on China's influence in Oceania. One local scholar discussed the undeniable presence China is playing — China is the latest power to exert influence regionally and Chinese efforts will only grow. Despite a growing narrative that China's influence is malign, another regional scholar pointed out how small island developing states do benefit from China's presence. Further, this source detailed how China has shown a capacity to learn from accusations of overreach and diplomatic missteps.⁸⁵

Together, these perspectives are indicative of the undeniable — China is now a player in Oceania and its influence will continue to rise. This section seeks to move beyond the prevailing, hawkish stance on China growing in the US in order to properly assess China's interests, its means for meeting those interests in Oceania, and most importantly what China's role in the region means going forward. In doing so, this section examines China's core interests in the region, and pays particular attention to Taiwan's relevance to Chinese foreign policy, China's military, and economic affairs in the region, as well as China's aspiration for leadership on development and climate challenges.

Core Interests:

China seeks to expand its regional influence further into Asia and beyond. This effort is not necessarily tied to Chinese militaristic and hegemonic aspirations. Instead, according to scholars Sebastian Heilmann and Dirk H. Schmidt, China seeks a restructuring of the current global order that will increase equity and opportunity for developing countries, itself chief among them. Key to this worldview is China's belief that the current liberal order imposes Western governance, economic, and social value systems that no longer serve Chinese interests. Western powers often intervene to enforce those aspects, which perpetuates wealth and prosperity gaps between both eastern and western societies and the global north and global south.⁸⁶ As this section demonstrates, China's wish to restructure the international arena has shaped its posturing in Oceania; through various actions and initiatives, China has taken large steps to assert its military prowess in the Indo-Pacific, build relationships in Oceania, and boost its reputation in the region as well as its view of development.

⁸⁵ Derived from key informant interviews with China and Oceania scholars at Australian universities. Conducted March and April, 2020.

⁸⁶ Sebastian Heilmann and Dirk H. Schmidt, *China's Foreign Political and Economic Relations: An Unconventional Global Power* (Lanham, MD: Rowman & Littlefield, 2014), 1–5.

In addition to its overarching worldview, China has three well-known core interests in the Asia-Pacific region. These are:

- 1) the maintenance of the Chinese Communist Party (CCP) and the current political system,
- 2) the defense of national sovereignty, territorial integrity, and security, and
- 3) safeguarding the prerequisites to advancing long-term economic and social development.

Of course, these interests also apply to China's global interests. In Oceania, they can be broken down and connected to four key issue areas:

- 1) China is using its regional influence to isolate Taiwan;
- 2) its overall military posturing in the Asia-Pacific is being bolstered to safeguard against encirclement from regional and outside powers;
- 3) China seeks economic opportunities in Oceania that will improve its economic prospects in the future; and
- 4) China is seeking international leadership on climate and environmental issues and to improve its reputation in the international community.

Before moving on to discuss each of these areas individually, it is also important to note an important contextual aspect related to China's recent international relations and that is the consolidation of power around President Xi Jinping. The centralization around Xi appears to be the CCP's chosen path to navigate numerous challenges facing China, with a stronger, more forceful central authority. It is also important to note that Xi's personal belief that China should be an assertive, outward facing power is increasingly observable in China's international actions.

⁸⁷ It is from this context, that China is implementing bold initiatives, many of which have direct implications in Oceania.

Taiwan

The existence of the Republic of China in Taiwan poses the biggest threat to the CCP's maintenance of territorial and cultural integrity as well as internal political stability. This is an

⁸⁷ Elizabeth Economy, *The Third Revolution: Xi Jinping and the New Chinese State* (New York: Oxford University Press, 2018), 9–29.

important issue in Oceania because four of the 15 nations recognizing Taipei over Beijing are Oceanic states: The Republic of the Marshall Islands, Nauru, Palau, and Tuvalu.

In September 2019, China was able to convince both the Solomon Islands and Kiribati to end their diplomatic ties with Taipei and instead recognize Beijing. Many of the tactics Beijing used to facilitate these moves are addressed more fully in coming subsections, but it is important to note here the persuasive power a combination of diplomatic, economic incentives, and elite capture have over small island developing states. Going forward, China appears to have established strong alliances with these two countries and looks to reward them economically. Some Pacific experts believe this pattern of isolating Taiwan will next be applied to Tuvalu.⁸⁸

Military

“The [US] is obviously the stronger military power... That is why China must at all times maintain the capability for a minimum level of deterrence...”⁸⁹

China’s military actions are guided by its desire to catch up to regional and global powers and to deter intervention in its sphere of influence. Further, China seeks to use its military to secure economic partnerships and shipping routes. Both of these are areas pertinent to Oceania.

Traditionally, Chinese military philosophy has been dominated by passive force projection and has focused on defensive, entrapment strategies to disincentivize attacks. Over the last 20 years, China’s doctrinal and technological gaps compared to the US and other global powers have been made obvious, spurring China to make significant investments in modernizing the People’s Liberation Army (PLA) as well as its Navy (PLAN) and Air Force (PLAAF). These efforts are based on the fear that coordinated efforts by Japan, Australia, the US, and India are/will encircle and block China’s influence and access to meeting its interests. China is also wary of these powers’ improved relations in the region, particularly with Indonesia.⁹⁰

With improved PLA, PLAN, and PLAAF capabilities, China has sought to engage in anti-access, area denial efforts (A2/AD) to prevent such encirclement. Today, China can project power

⁸⁸ Natalie Whiting, Christina Zhou, and Kai Feng, “What Did It Cost Beijing to Sever 36 Years of Relations? \$730 Million, Apparently,” ABC News, September 18, 2019; “Solomon Islands Breaks Ties with Taiwan,” ABC News, September 16, 2019; Damien Cave, “China Is Leasing an Entire Pacific Island. Its Residents Are Shocked,” *The New York Times*, October 16, 2019; Jonathan Manthorpe, “China Targeting Pacific Isles for Strategic Bases,” *Asia Times*, June 8, 2019.

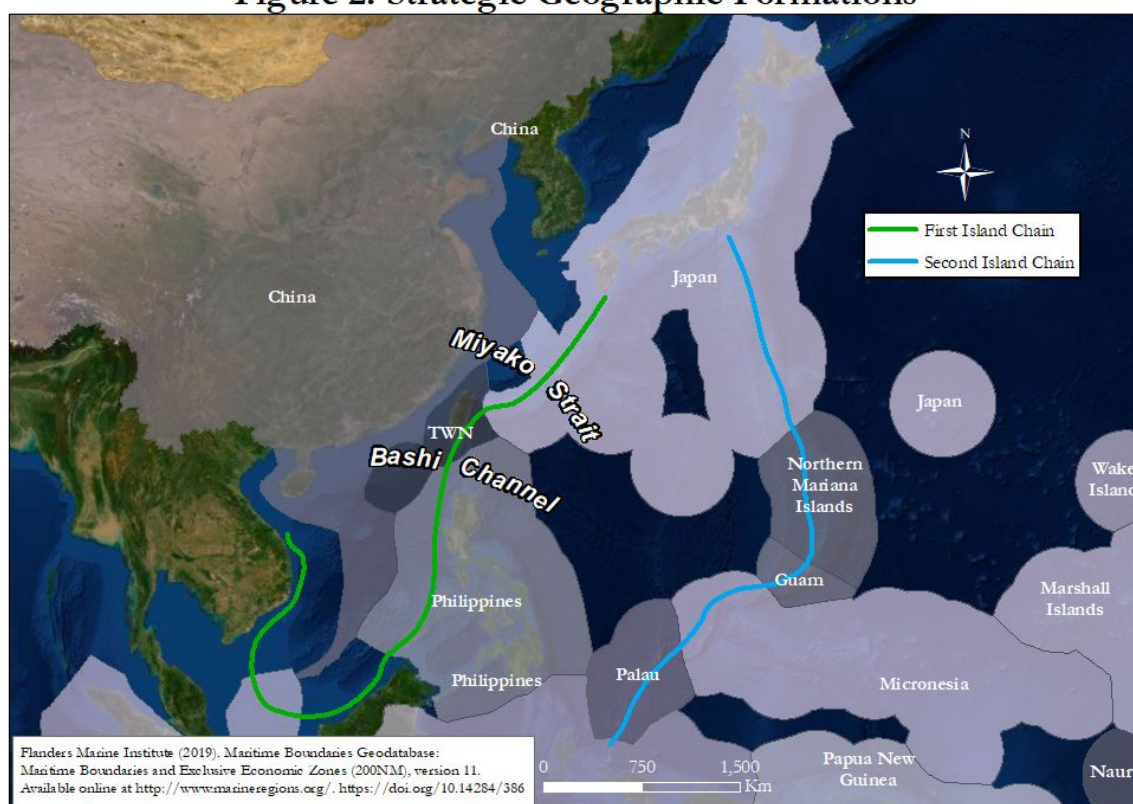
⁸⁹ Lau Lawrence, *The China-U.S. Trade War and Future Economic Relations* (Hong Kong: The Chinese University Press, 2019), 182.

⁹⁰ Heilmann and Schmidt, 49–59.

beyond its traditional area of influence within the 9-dash line and play a role operating beyond the 1st and 2nd island chains and into Oceania.⁹¹

To do so, China has begun exercises through the Bashi Channel and Miyako Strait, both routes that grant access to the Pacific and Oceanic region. In establishing a presence along these routes, China can challenge foreign militaries access to regional waters and potentially secure future supply lines with neighboring states, especially should other waterways and bottlenecks be blocked during a conflict.⁹² Figure 2 shows these strategic and geographic areas.

Figure 2: Strategic Geographic Formations



In Oceania, economic partnerships offer China a way to establish relationships. It remains unclear if China will seek to advance its military posturing through those relationships. However, its new partnerships in Oceania offer a potential glimpse into what aspirations the PLAN and PLAAF might have in Oceania. In the Solomon Islands, the island of Tulagi was leased by a

⁹¹ Franz-Stefan Gady, "Why China's Military Wants to Control These 2 Waterways in East Asia," *The Diplomat*, September 15, 2019.

⁹² Gady, 2019.

“private Chinese company with close ties to the CCP” for 75 years. Tulagi, close to the historic sight of the Guadalcanal battle, and its deep-water harbor have been utilized in the past by both Imperial Japanese and Allied forces. Some refer to Tulagi as a “military gem.” That gem is now leased to a Chinese company with unclear development plans. The same is true of the Luganville wharf in Vanuatu, where Chinese companies have/are working on port and airport projects.⁹³

This glimpse into China’s potential military interests is of course speculative, but it takes place in a context in which China has established its first overseas base in 2017, and regionally, exerted influence in the South China Sea by building military assets on the Spratly and Paracel Islands as well as taking over the Scarborough Shoal in the Philippines.

Lastly, it is important to note the potential for the PLA to play a significant role in Oceania in the area of disaster response. Although the PLA has yet to send (as far as we know) humanitarian assistance and disaster response teams (HADR) to Oceanic states, their HADR capabilities and willingness to intervene in Asia and Southeast Asia over the last 15 years, plus the increasing likelihood of climate-related devastation in Oceania suggests a future PLA role in the region. Disaster response partnerships might necessitate military assets or joint-arrangements in Oceania, offering the PLA an innocuous reason to establish footholds and influence in Oceania. Lastly, Chinese hospital ships, Peace Arks, have sailed to PNG, Vanuatu, Fiji, and Tonga on diplomatic trips over the last two years.⁹⁴

Belt and Road Initiative

China’s economic and financial influence through the Belt and Road Initiative is the most controversial, and perhaps most misunderstood, aspect of China’s efforts to become an outward-facing power. To date, over 150 countries have signed on to the \$4 trillion infrastructure and development initiative, including six in Oceania. Rightfully, some of the initiative’s projects have been characterized as “debt trap” diplomacy after high-profile concessions of strategic assets and unfavorable lending terms have come to light. However, an understanding of how the initiative will strengthen China’s economic prospects in a new era with numerous domestic challenges helps paint a clearer picture of the intent behind the massive initiative.

After nearly 40 years of unprecedented growth, China faces lower economic growth prospects. Forecasts predict that China’s years of 10% growth are over and 4-6% growth will become the new norm. To Western eyes, this level of growth is still enviable, but to the Chinese it represents a plateau with potentially devastating effects. The most important aspect of the looming

⁹³ David Wroe, “China Eyes Vanuatu Military Base in Plan with Global Ramifications,” *The Sydney Morning Herald*, April 9, 2018; Cave, 2019.

⁹⁴ Taylor Tielke, “The Evolving Nature of China’s Humanitarian Assistance,” *Liason*, December 2018.

slowdown is the CCP no longer being able to lift hundreds of millions of people out of poverty. For a political party that has tied itself to social and economic development, ensuring what Polish economist Grzegorz Kolodko calls a “soft landing” is of the utmost importance for maintaining economic and political stability in China.⁹⁵

At the same time, China’s rise has dramatically increased per capita gross domestic product, translating into increased consumption by wealthier citizens. Increased consumption in a period of overall economic slowdown necessitates building trading routes and partnerships. Furthermore, China’s total population, like other wealthy Asian countries, is aging and will begin to shrink in coming decades. This phenomenon is hard to imagine for a country with nearly 1.4 billion citizens, but these demographic changes are taking place and they will require China to look beyond its borders for labor as well as goods.⁹⁶ Taken in this light, the Belt and Road initiative can be seen as a way for China to ensure future prosperity through new economic partnerships featuring secure supply chains for goods and migrant labor.

Many nations have voiced concern about how China is going about administering the Belt and Road Initiative, particularly related to the financing and administering of projects. In Oceania, those concerns are amplified by China’s efforts to attach its economic initiatives with its strategic goals. First, China’s economic involvement is based on lending, whereas other powers offer development grants. Further, China has established lending terms that are different from international development norms. The amounts being lent are massive, accounting for more than a quarter of lending to the developing world — more than the World Bank and International Monetary Fund combined. The funds come from Chinese state institutions, whereas private, development, and philanthropic institutions have traditionally played the biggest role in the development sector. Last, Chinese Belt and Road loans often come with low interest rates to undercut competing bids. Despite attractive interest rates, these loans are far from concessionary as they feature shorter maturity periods, higher risk premiums, and include collateral clauses if repayment is interrupted.⁹⁷

Second, China attaches requirements to use Chinese labor forces and Chinese construction materials to Belt and Road Projects. These requirements make sense for China when considering the aforementioned concerns about economic slowdown; China has found employment opportunities for its citizens abroad as well as productive uses of mass amounts of excess construction materials from its overproducing state-owned enterprises.⁹⁸ In Oceania, China sees

⁹⁵ Grzegorz Kolodko, *China and the Future of Globalization* (New York: I.B. Tauris, 2020), 47–49.

⁹⁶ *Ibid.*, 27–40, 55–65.

⁹⁷ Sebastian Horn, Carmen Reinhart, and Christoph Trebesch, “China’s Overseas Lending” (Cambridge, MA: Kiel Institute for the World Economy, July 2019).

⁹⁸ *Economy*, 91–120.

an opportunity to further these ends, while also building out supply chains and gaining access to Oceania's vast natural resources, which include extensive fisheries and precious metals.

In Oceania, six nations have signed up for the Belt and Road Initiative since 2018: The Cook Islands, Fiji, Papua New Guinea, Samoa, Tonga, and Vanuatu. Scholars from the Lowy Institute in Sydney, Australia have pointed out that these six countries may be just the beginning of a larger economic and development push into Oceania by the Chinese that currently features \$4.78 billion committed to the region, with only \$178 million spent. Scholars from the Lowy Institute are careful to point out that those six Oceanic states are not clearly committed to diplomacy initiatives that would lead to a "debt trap." However, they make clear the increased risk of borrowing a high percentage of their GDP given the small economies of Oceania.⁹⁹

China's economic influence in Oceania also extends beyond the Belt and Road. Notably, the Solomon Islands received \$500 million in economic assistance around the same time it switched its diplomatic allegiance from Taipei to Beijing, with some loans going to individual government officials.¹⁰⁰ Similar news recently came out of Kiribati where the head of state who also switched to recognize Beijing in 2019 told parliamentarians skeptical of the move's political fallout that the Chinese would provide cover through campaign contributions. Recently, that president lost his majority in part due to his secret, corrupt dealings with the Chinese.¹⁰¹ These two instances show the utility of an influence campaign that also relies on elite capture and corruption. In Oceania, and the Indo-Pacific writ large, elite capture could severely damage longstanding partnerships with the US. Figure 3 shows China's increased presence in Oceania, including its diplomatic allies, debtor nations, as well as its strategic military and investment sites.

Overall, China's economic footprint in Oceania is complex, as pointed out by our interviews with scholars from the region. One scholar in an Oceanic small island developing state pointed out the utility of China's lending. To paraphrase, China fulfils promises on useful development projects such as roads that allow vulnerable populations to live in safer areas and maintain work in others. Concerns about financing and sustainability are overblown. Compared to American and other development agencies that take years to assess and secure funding, China can get a project done quickly. Put simply, China delivers. On the other hand, an American scholar noted how China's rush to increase its regional presence through financing development projects has

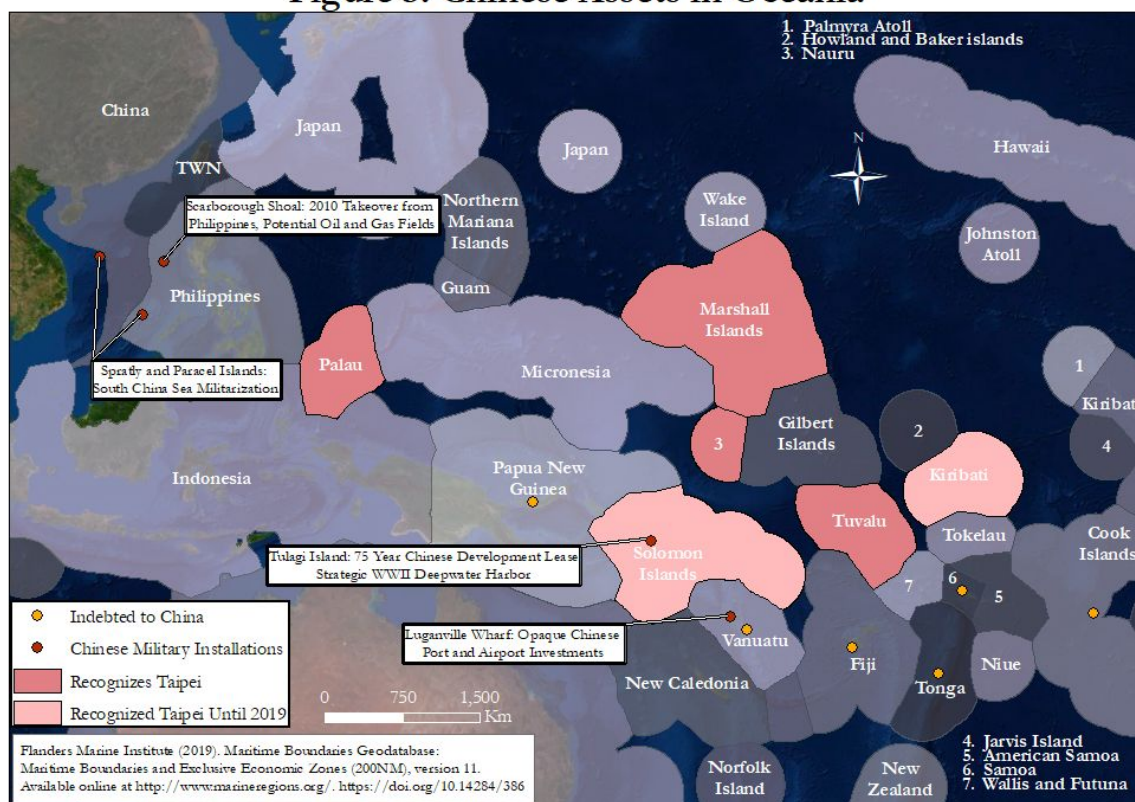
⁹⁹ Jonathan Pryke, Alexandre Dayant, and Roland Rajah, "Ocean of Debt? Belt and Road and Debt Diplomacy in the Pacific," Lowy Institute, October 21, 2019; "Pacific Aid Map," Lowy Institute.

¹⁰⁰ Natalie Whiting, Christina Zhou, and Kai Feng, "What Did It Cost Beijing to Sever 36 Years of Relations? \$730 Million, Apparently," ABC News, September 18, 2019.

¹⁰¹ Christopher Pala, "Pro-China Kiribati President Loses Majority over Switch from Taiwan," *The Guardian*, April 23, 2020.

led to concerns about resource depletion, the material and economic sustainability of projects, and the lack of consideration over climate preparedness and the inclusion of local input.¹⁰²

Figure 3: Chinese Assets in Oceania



An Australian scholar came down somewhere in the middle by pointing out that China has the capacity, and has signaled its intent, to learn from instances in which its projects have been unsustainable, secured in opaque ways, and caused local outrage. This is true. At the second Belt and Road Forum held in Beijing in April 2019, Xi Jinping stressed that China would positively address concerns about both lending practices, transparency, and project sustainability.¹⁰³

¹⁰² Derived from key informant interviews with China and Oceania scholars from Oceanic and American research institutions, respectively. Conducted March and April, 2020.

¹⁰³ Derived from key informant interviews with a Pacific Scholar at an Australian University. Conducted March and April, 2020; Deutsche, "China's Belt and Road Is 'Green and Clean,' Says Xi," Deutsche Welle, April 26, 2019.

International Reputation and Climate Leadership

China embarked upon a “Going Out” policy in the early 2000s in which it stated its intent to increase its contributions to international aid, educational, cultural, health, and emergency response efforts. In doing so, China has sought to overcome an international reputation marred by skepticism and mistrust.¹⁰⁴ In particular, China has sought increased soft power, an improved reputation, and global leadership in the areas of economic development strategy and combating climate change.

First, China has gone to great lengths to define itself as a developing nation and has used this designation to improve relations with the developing world at the expense of the West. As discussed above, China has internal interests in partnering with emerging markets; to advance those interests, China has based its diplomatic, economic, and financial outreach on ideological lines that “present its goals, principles, and methods as viable alternatives to [Western] interests.”

¹⁰⁵

Today, China has positioned itself ideologically as an inclusive development partner — one that deals with both private and state enterprises — that avoids neoliberal, imperial, colonial, and hegemonic relationships. China’s outreach efforts to the developing world are seen in both Xi’s statements that China’s development strategy offers the broadest, most effective, most genuine system as well as in China’s efforts to establish new development institutions, such as the Asian Infrastructure and Investment Bank, that compete with Western institutions.¹⁰⁶ The impetus for economic development in Oceanic states and China’s growing regional development presence was reiterated frequently throughout conversations with regional experts and actors.

Second, China has sought to become an international leader in the fight against climate change. China’s goodwill on environmental efforts dates back to its ratification of the UNFCCC in 1993. International progress slowed throughout the 2000s, a time in which China’s emissions rose dramatically and it became the world’s largest carbon emitter. However, domestic environmental crises in 2013 saw China make significant progress on domestic air pollution. Since then, China has invested hundreds of billions of dollars to combat domestic air, water, and soil pollution. Its efforts have extended to scientific advancements in, and mass production of, renewable energy technologies.¹⁰⁷ Despite these efforts, China remains heavily reliant on fossil fuels and its emissions are still growing.

¹⁰⁴ Heilmann and Schmidt, 24–40.

¹⁰⁵ Heilmann and Schmidt, 33.

¹⁰⁶ Kolodko, 124–127; Economy, 196–198.

¹⁰⁷ David Sandalow, “Guide to Chinese Climate Policy 2019” (Columbia SIPA, September 2019), 126–133.

China and the US declared joint efforts to combat climate change and committed to meaningful emissions cuts in 2015. Doing so signaled bilateral leadership that helped pave the way to the Paris Agreement in 2015. After the US stated its intention to withdraw from the agreement in 2017, China increased its leadership voice and commitment to its nationally determined contributions.¹⁰⁸

In Oceania, climate concerns are of the utmost importance. China is an international leader in climate diplomacy and its dominance in renewables technology could become a major aspect of regional diplomacy, development, and trade. As stated in the previous section, China is beginning to address concerns about the sustainability of the Belt and Road Initiative projects. Today, China is involved in numerous United Nations and Belt and Road Initiative efforts to help ensure its efforts in the region improve and respect local environmental concerns and combat climate change. These efforts include promises to institute green, low-carbon, and sustainable building practices, to respect local laws and environmental considerations before embarking on projects, and increase the use and trade of renewable energies.

Today, China's record on clean energy and climate leadership is at odds with its slowing economy. Over the last two years, China has turned back to heavy coal use and coal-fired plants to maintain its slowing economy. Further, it is too early to tell at the time of this writing if China's efforts on Belt and Road Initiative projects have meaningfully followed through on environmental promises. At a minimum, China has issued multiple verbal commitments to address global climate change at a critical time when Oceanic states are looking for relief and partners who understand their needs. This is especially true when considering how China looks as a good-faith partner on climate change compared to the US.

What Oceania Means to China:

Oceania is geostrategically significant to China. The region houses four of Taiwan's remaining allies, and China has shown a deftness in compelling them to recognize Beijing with a variety of incentives. Militarily, Oceania is a region with which China can work to advance its anti-access, area denial efforts to block American access. Recent evidence suggests that China is working to build partnerships that could lead to permanent regional military assets that will serve to secure supply chains, trade flows, and facilitate disaster response. Economically, Oceania is nowhere near as important in terms of market access, migrant worker flows, or natural resources when compared to South Asia or Africa. However, the region does have large fisheries and vast mineral resources. Further, there are viable opportunities for China to spread its development strategy to small island developing states and establish mutually beneficial partnerships. Lastly,

¹⁰⁸ *Ibid*, 126-133; Economy, 152-185.

China's stances and progress on climate change make it a natural partner to combat climate change. China has committed to improving its Belt and Road Initiative; if it does so, China will be the clear leader in providing Oceania with sustainable development and adaptation-building capabilities, especially when compared to the US, currently led by an administration that rejects climate change and its foreign policy implications.

Australia

As China becomes increasingly assertive in Oceania, Australia is bolstering its commitments to and reinforcing its ties with its Pacific neighbors.

Australia has long been the preeminent partner to the Pacific. It is the largest provider of aid to the region, and for many PICs, Australia is a top and vital trading partner.¹⁰⁹ Its comparative size and proximity make it a generally more available and generous partner than other traditional Pacific allies such as New Zealand, the US, France, or Japan. Additionally, Australia likely has the most immediate vested interest in the security and stability of the region in comparison to other regional powers. Australia often explains its robust relations with neighboring PICs through the lens of a shared history and deep cultural ties;¹¹⁰ Australian Prime Minister, Scott Morrison has stated that Australia regards its Pacific neighbors as *vuvale* – a Fijian word for family.¹¹¹

Australia has faced little competition for influence in Oceania in the post-WWII era. But today, the balance of power – and certainly the balance of payments – in the Pacific is shifting. Many in Australia fear that Aussie influence will wane as Chinese investment in the region grows.¹¹² That investment has created a great deal of worry among today's Pacific powers, and the possible security implications of China's new Oceanic interest have given rise to a great deal of debate.

Whether or not such alarm is founded, China is reshaping the way Australia approaches the Pacific.¹¹³ Australia – much like New Zealand and Japan – is very publicly pursuing a policy of re-engagement. The Pacific Step-Up, first outlined in defense and foreign policy white-papers in 2016 and 2017, has garnered a substantial amount of attention in the last few years.¹¹⁴ The Step-Up seeks to reinvigorate and strengthen partnerships in the Pacific and will deepen Australia's economic commitments to the region. However, the Australian government's reticence to support necessary climate response measures has, in recent years, undermined

¹⁰⁹ "Pacific Aid Map." *Lowy Institute*, Accessed May 1, 2020. <https://pacificaidmap.lowyinstitute.org/>.

¹¹⁰ "Pacific Partnerships." *Australian Government Department of Foreign Affairs and Trade*, Accessed May 1, 2020. <https://www.dfat.gov.au/geo/pacific/Pages/pacific-partnerships>.

¹¹¹ Narsey, Wadan. "Waking up to Australia's Real Pacific Family." *The Interpreter*, September 3, 2019. <https://www.lowyinstitute.org/the-interpreter/waking-australia-s-real-pacific-family>.

¹¹² Wood, Terence, Christopher Hoy, and Johnathan Pryke. "Does Chinese Aid Make Australians More Generous?" *The Interpreter*, August 13, 2019. <https://www.lowyinstitute.org/the-interpreter/does-chinese-aid-make-australians-more-generous>.

¹¹³ *Ibid.*

¹¹⁴ "Pacific Step-Up." *Australian Government Department of Foreign Affairs and Trade*, Accessed May 1, 2020. <https://www.dfat.gov.au/geo/pacific/Pages/the-pacific.aspx>; Batley, James. "Keep Calm and Step-Up: The White Paper's Message on the Pacific." *The Interpreter*, November 29, 2017. <https://www.lowyinstitute.org/the-interpreter/keep-calm-and-step-white-paper-message-pacific>.

Australian leadership in Oceania.¹¹⁵ PICs have sharply criticized Australia for its position on climate change and its unwillingness to work with PIC leaders on the issue.

Regional Engagement

Economic Engagement

Australia's PIC partnerships reflect the significance of Australia's economic, security, and strategic interests in the Pacific. Australia maintains relations with the Cook Islands, the Federated States of Micronesia (FSM), Fiji, French Polynesia, Kiribati, Nauru, Palau, Papua New Guinea (PNG), the Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, and it has an established presence in French Pacific Territories such as New Caledonia and Wallis and Futuna. Beyond bilateral engagement, Australia is an active member of and contributor to regional organizations such as the Pacific Islands Forum (PIF) and The Pacific Community (SPC).¹¹⁶ Engagement with these partners and fora goes far beyond what is described here; however, the following efforts have and will be significantly impacted by the Step-Up.

Australia has a strong record of economic engagement with its Pacific partners, and such engagement is only set to deepen under the Step-Up. Since 2011, Australia has contributed \$7.38 billion in official development aid (ODA) across 8,738 projects in Oceania, all of which have been provided in grants as opposed to loans.¹¹⁷ A substantial majority of Australian Aid projects relate to health, education, or government and civil society.¹¹⁸ Projects have included a Health Capacity Development & Service Delivery program in PNG, an Access to Quality Education program in Fiji, and Regional Assistance Missions and Police Force Contributions to the Solomon Islands, among a great many other efforts.

Australia administers two, complementary Pacific labor mobility programs. The older of the two is the Seasonal Worker Program (SWP), under which workers from Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu and Vanuatu are employed in seasonal agricultural jobs to fill labor shortages in Australia.¹¹⁹ Seasonal workers can stay for

¹¹⁵ Lyons, Kate. "Our People Are Dying": Australia's Climate Confrontation in the Pacific." *The Guardian*, August 18, 2019.

<https://www.theguardian.com/world/2019/aug/18/our-people-are-dying-australias-climate-confrontation-in-the-pacific>.

¹¹⁶ "Pacific Regional - Effective Regional Institutions." Australian Government Department of Foreign Affairs and Trade, Accessed May 1, 2020.

<https://www.dfat.gov.au/geo/pacific/development-assistance/Pages/effective-governance-pacific-regional.aspx>.

¹¹⁷ "Pacific Aid Map." *Lowy Institute*.

¹¹⁸ "Australia's Aid Program." *Australian Government Department of Foreign Affairs and Trade*, Accessed May 1, 2020. <https://www.dfat.gov.au/aid/Pages/australias-aid-program>.

¹¹⁹ "Seasonal Worker Programme." *Australian Government Department of Education, Skills and Employment*, Accessed May 1, 2020. <https://www.employment.gov.au/seasonal-worker-programme>.

up to nine months, and workers have access to additional skills training for the duration of their stay. Since 2012, the program has provided more than 33,000 seasonal jobs. The program has grown in size each year. In its first year, there were 1,473 visas granted under the SWP, under the most recent fiscal year, 2018-19, there were 12,200 visas granted.¹²⁰ There are currently 162 approved employers, a great many of whom are horticultural growers.¹²¹ As part of the Step-Up, the Pacific Labor Scheme (PLS) was established in 2018; PLS runs alongside the seasonal worker program.¹²² The Scheme allows low to semi-skilled workers from the same countries to work jobs across a number of sectors (in addition to the agricultural sector) in rural and regional Australia for up to three years.

These programs are facing major disruptions as a result of COVID-19. Travel restrictions will prohibit many potential future workers from entering the country, and many existing workers will be unable to return to their home countries. In light of these circumstances, Australia has changed and relaxed visa requirements for SWP and PLS workers.¹²³ Workers will be given the option to extend their stay for up to one year. Given that most SWP and PLS workers are employed in agricultural jobs, the option for extension is meant to provide stability to both the worker and the employer in a time where a growing labor shortage in Australia's agricultural sector could have devastating consequences.

Defense Cooperation

With regard to regional security and stability, Australia has a long history of defense cooperation with the Pacific – namely via the Australian Department of Defence's Pacific Maritime Security Program. This program, which replaced the longstanding Pacific Patrol Boat Program, will see a \$1.27 billion commitment to the region over the next 30 years and has three components: "Pacific Patrol Boat replacement, integrated regional aerial surveillance, and efforts to strengthen regional coordination."¹²⁴ By 2023, the program will have provided 19 new Guardian-class patrol boats with "long-term Australian sustainment, training, infrastructure, and advisory support" to 12 PICs. Since 2017, the program has provided civilian contracted aerial surveillance to support maritime patrols in PICs' exclusive economic zones (EEZs). The program will also provide

¹²⁰ Holly Lawton, "Australia's Seasonal Worker Program is now Bigger than NZ's" *Development Policy Centre*, Accessed May 1, 2020. <https://devpolicy.org/australias-seasonal-worker-program-now-bigger-than-nzs-20190725/>.

¹²¹ "Listing of current Approved Employers" *Australian Government Department of Education, Skills and Employment*, Accessed May 1, 2020. <https://www.employment.gov.au/listing-current-approved-employers>.

¹²² "Pacific Labour Mobility." *Australian Government Pacific Labor Scheme*, Accessed May 1, 2020. <https://pacificlabourmobility.com.au/>.

¹²³ "New visa to support Australian farmers" *Australian Government Department of Education, Skills and Employment*, Accessed May 1, 2020. <https://ministers.dese.gov.au/cash/new-visa-support-australian-farmers>.

¹²⁴ "Pacific Maritime Security Program." *Australian Government Department of Defence*, Accessed May 1, 2020. <https://www.defence.gov.au/annualreports/17-18/features/maritime.asp>.

capacity-building training and new equipment to enhance PICs ability to collect, analyze, and share information; conduct cooperation patrols; and run maritime coordination centers.

Another important Australian contribution to regional stability is its commitment to the FRANZ agreement.¹²⁵ The FRANZ agreement was signed by Australia, New Zealand, and France in 1992; the agreement commits these states to coordinate disaster reconnaissance and relief assistance for partnered PICs at the request of the partner state. FRANZ is civilian led and supported by defense forces; within the Australian government, FRANZ is housed within the Department of Foreign Affairs and Trade (DFAT). The FRANZ partners have been crucial in coordinating and providing aid in the aftermath of many disasters over the last few decades, including to Fiji following tropical cyclone Winston. Australia alone provided more than \$22 million in assistance with over \$3 million for immediate assistance and supplies, \$6 million for health services and return children to schools, and nearly \$13 million for long term recovery and reconstruction.¹²⁶

Human Connections

There's also a deep human and cultural connection between Australia and the PICs. There are a large number of Australians originally from neighboring Pacific states. As recently published by the Lowy Institute:

According to the most recent Australian Bureau of Statistics data, while Australian residents born in Australia increased by a mere 26% between 1996 and 2018, those with country of birth as: Fiji increased by 86% (to 75,930); Samoa increased by a massive 197% to 31,610; Tonga increased by 63% to 12,650.¹²⁷

Many Pacific Islanders stay and have families in Australia; some travel back and forth to their home islands; and critically, many send home remittance. As discussed above, many PICs rely on remittances.

Competing with Chinese Influence

China's presence in Oceania has grown exponentially in the last decade. However, China's newfound role in the Pacific will not necessarily displace Australia. Australian and Chinese

¹²⁵ "The FRANZ Arrangement - Ministry of Foreign Affairs and Trade." *Australian Government Department of Foreign Affairs and Trade*, Accessed May 1, 2020.

<https://www.mfat.govt.nz/assets/Aid-Prog-docs/NZDRP-docs/Franz-Arrangement-Brochure.pdf>.

¹²⁶ "Objective 3: Tropical Cyclone Winston." *Australian Government Department of Foreign Affairs and Trade*, Accessed May 1, 2020.

<https://www.dfat.gov.au/aid/topics/investment-priorities/building-resilience/humanitarian-preparedness-and-response/tc-winston>.

¹²⁷ Narsey, Wadan. "Waking up to Australia's Real Pacific Family."

engagement are fundamentally different, and Australian economic and security engagement is an indispensable resource to the region. Before discussing specifics, it should be noted that information about Chinese aid is very opaque. Since 2011, China has spent about 23% of what it has committed to the region. Though it committed \$6.94 billion, China has actually spent \$1.62 billion.¹²⁸ By comparison, Australia has spent about 65% of what it has committed, having committed \$11.32 billion and spent \$7.38 billion. Figure 4 displays To put the magnitude of Australian funding into perspective, across all donors, Australian aid makes up about 40% of money spent in the region since 2011.

Figure 4: Aid Committed vs. Spent (2011-2017)

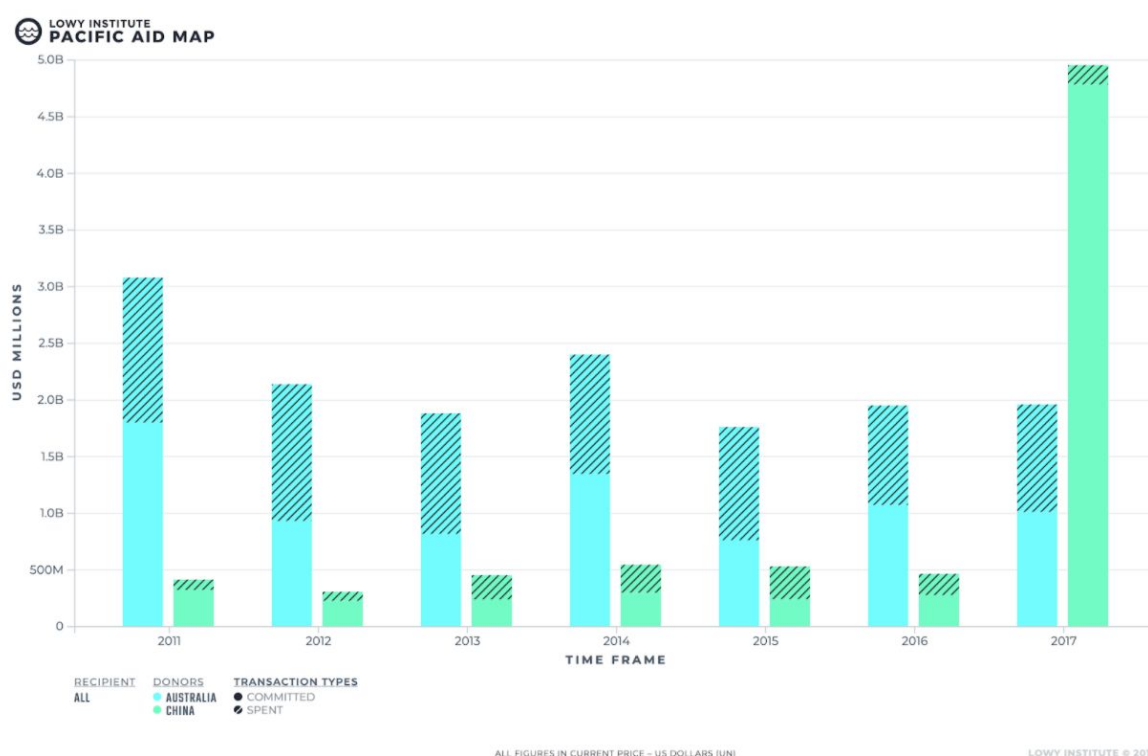


Figure generated at <https://pacificaidmap.lowyinstitute.org/graphingtool#>.

In addition, while 100% of aid provided by Australia is given in the form of grants, the great majority — a reported 71.8% — of Chinese aid going to Oceania is being provided in the form of concessional loans.¹²⁹ These loans have interest rates around 2–3% with 5–7 year grace periods and 15–20 year repayment schedules. In a decade, Chinese lending has gone from nearly

¹²⁸ “Pacific Aid Map.” Lowy Institute.

¹²⁹ *Ibid.*

nothing to over \$1.6 billion across 11 Pacific Island states.¹³⁰ Tonga's debt to China exceeds \$115 million, or roughly one-third of its annual GDP.¹³¹ China holds nearly half of Vanuatu's external debt and over one-quarter of Papua New Guinea's external debt.¹³² Today, though Australia remains the largest provider of aid overall, China is the region's largest lender.¹³³ This is not to say China is engaging in debt-trap diplomacy; in fact, a recent report published by the Lowy Institute suggested that China is not the primary driver of rising debt risk in the Pacific.¹³⁴

Another key difference between Australian and Chinese engagement is the *type* of projects receiving investment. 45% of all Chinese spending in Oceania has gone to transportation infrastructure projects. Many of these projects employ Chinese laborers rather than regional laborers; the future cost of upkeep for the projects is high; and many of these projects are not being completed with resiliency in mind. While these modernizing projects may seem extremely attractive to PICs, they are likely not in the states' long run interest. By contrast, as explained above, Australian projects, by a substantial majority, involve health, education, and government/civil society programs.

Beyond Australia's importance as an economic partner; Australia is also a necessary security partner for Oceania. Australia's contributions to Pacific security and stability – from patrol vessels to basic capacity building measures and new equipment – are important to prevent illegal activity in PIC EEZs. They help preserve vital shipping lanes. They facilitate and coordinate regional cooperation. China is not currently in a position to offer this kind of coordinating assistance, nor has it given any indication that it is looking to take on that role.

China is not in a position to overtake Australia as a regional leader in the Pacific. In a September 2019 article for the Lowy Institute's "The Interpreter," former University of the South Pacific economics professor, Wadan Narsey, stated the following:

Regardless of aggravation and posturing by some Pacific Island political leaders, the ordinary people and especially the young and educated ones from Fiji, Samoa, Tonga, and the Cook Islands, know all too well which country has the greatest potential of supporting their future prosperity (incomes, education, and health), and especially that of their children. That country is not China, regardless of how many

¹³⁰ Greenfield, Charlotte. "Payment Due: Pacific Islands in the Red as Debts to China Mount." *Reuters*, July 30, 2018.

<https://www.reuters.com/article/us-pacific-debt-china-insight/payment-due-pacific-islands-in-the-red-as-debts-to-china-mount-idUSKBN1KK2J4>.

¹³¹ *Ibid.*

¹³² *Ibid.*

¹³³ *Ibid.*

¹³⁴ Rajah, Roland, Alexandre Dayant, and Jonathan Pryke. "Belt and Road and Debt Diplomacy in the Pacific." *The Lowy Institute*, October 21, 2019.

<https://www.lowyinstitute.org/publications/ocean-debt-belt-and-road-and-debt-diplomacy-pacific>.

Chinese-built roads, sports stadiums, or parliament houses funded by Chinese aid or concessionary loans are plonked down in Pacific countries, allegedly 'with no political strings attached'.¹³⁵

Climate Inaction

The greater threat to Australia's role and influence in the Pacific is the Australian government's continued reticence to support necessary climate reforms. The Australian government does not deny the existence of climate change, and many in the Australian government claim to accept the science behind man-made climate change. However, Australia has repeatedly refused to explicitly address climate change in its relationships with PICs.¹³⁶ Australian leaders boast that Australia is only responsible for 1.3% of global GHG emissions, but Australia is the world's largest exporter of coal.¹³⁷ The Australian government's unwillingness to adopt necessary climate reforms — such as reducing the production of coal or pledging to accept some number of climate refugees — is sowing resentment among PICs.¹³⁸

Australia's long history of engagement and amassed institutional knowledge should be viewed as an opportunity to deepen US cooperation with the region.¹³⁹ As the US and Japan look to counter Chinese presence, Australia should use the Step-Up as an opportunity to build up institutional knowledge among states that share a common interest in Oceania — namely New Zealand, the US, France, and Japan.

¹³⁵ Narsey, Wadan. "Waking up to Australia's Real Pacific Family."

¹³⁶ Maclellan, Nic. "'Accepting the Science', Rejecting the Action." *The Interpreter*, October 15, 2019. <https://www.lowyinstitute.org/the-interpreter/accepting-science-rejecting-action>.

¹³⁷ Karp, Paul. "Scott Morrison Says No Evidence Links Australia's Carbon Emissions to Bushfires." *The Guardian*, November 20, 2019. <https://www.theguardian.com/australia-news/2019/nov/21/scott-morrison-says-no-evidence-links-australias-carbon-emissions-to-bushfires>.

¹³⁸ Narsey, Wadan. "Waking up to Australia's Real Pacific Family."

¹³⁹ Tidwell, Alan. "With Pacific Step-Up, a Chance to Step In." *The Interpreter*, September 30, 2019. <https://www.lowyinstitute.org/the-interpreter/with-pacific-step-up-chance-step-in>.

New Zealand

In June of 2019, New Zealand's Deputy Prime Minister and Minister of Foreign Affairs, Winston Peters, visited the Solomon Islands and Vanuatu.¹⁴⁰ In the Solomon Islands, Peters signed a new Statement of Partnership with Solomon Islands' Minister of Foreign Affairs and External Trade Jeremiah Manele,¹⁴¹ and he pledged New Zealand's support for the creation of the Solomon Islands Airport Corporation Limited — a new state owned enterprise that will own and manage the country's airports.¹⁴² In Vanuatu, Peters discussed New Zealand's Recognized Seasonal Employment (RSE) program, pledged aid for those displaced by the 2018 Ambae Volcano eruption, and committed \$53.6 million in aid over the next 5 years.¹⁴³

These visits are part of New Zealand's "Pacific Reset," a new regional strategy, designed to re-engage its Pacific Island neighbors and reaffirm New Zealand's role as both a regional leader and partner.¹⁴⁴

As detailed in the Ministry of Foreign Affairs and Trade's (MFAT)'s Strategic Intentions 2018–2022 report, the Pacific Reset is meant to "shift [New Zealand's] engagement with the Pacific to a relationship built on understanding, friendship, mutual benefit and a collective ambition to achieve sustainable results in collaboration with [its] Pacific neighbours."¹⁴⁵ Like Australia's "Pacific Step-Up" and Japan's "Free and Open Indo-Pacific Strategy," the "Pacific Reset" is a direct reaction to heightened interest and competition in the region.¹⁴⁶

¹⁴⁰ "Winston Peters Completes Second 'Pacific Reset' Trip of 2019." *Radio New Zealand*, June 8, 2019. <https://www.rnz.co.nz/international/pacific-news/391525/winston-peters-completes-second-pacific-reset-trip-of-2019>.

¹⁴¹ Wyeth, Grant. "New Zealand's Pacific Reset: Building Relations Amid Increased Regional Competition." *The Diplomat*, June 10, 2019. <https://thediplomat.com/2019/06/new-zealands-pacific-reset-building-relations-amid-increased-regional-competition/>.

¹⁴² "Solomon Islands Airport Corporation Limited (SIACL)." *Solomon Islands Government Ministry of Communication and Aviation*, January 12, 2018. <http://www.mca.gov.sb/about-us/statutory-bodies/state-owned-enterprises/solomon-islands-airport-corporation-limited-siacl.html>.

¹⁴³ Wyeth, Grant. "New Zealand's Pacific Reset: Building Relations Amid Increased Regional Competition."

¹⁴⁴ "Strategic Intentions." *New Zealand Ministry of Foreign Affairs and Trade*, 2018. <https://www.mfat.govt.nz/assets/MFAT-Corporate-publications/MFAT-Strategic-Intentions-2018-2022.pdf>.

¹⁴⁵ *Ibid.*

¹⁴⁶ *Ibid.*

However, New Zealand's interest in the Pacific is, importantly, about more than competition. In a 2018 address at the Lowy Institute, Foreign Minister Peters contended that there are three reasons why New Zealand views the Pacific region as being so important:

- 1) a shared pacific identity;
- 2) national security; and
- 3) shared prosperity.

These equities all feature prominently in New Zealand's "Pacific Reset" efforts.¹⁴⁷

Pacific Identity

New Zealand's interest in Oceania is rooted in the "pacific identity" it shares with its neighbors. It is, to varying extents, directly responsible for the security and prosperity of a great number of Pacific islander peoples. Tokelau, with a population of around 1,500 people, is a dependent territory of New Zealand. Nieu and the Cook Islands, with populations of about 1,600 and 18,000, respectively, are freely associated states. The associated states are independently governed; however, New Zealand retains responsibility for the defense of these states.

New Zealand is a Pacific island country (PIC), linked to the rest of the region through "history, culture, politics, and demographics."¹⁴⁸ As explained by Foreign Minister Peters,

One in five New Zealanders – approximately one million people – now have Maori or Pasifika heritage. . . . In many respects, the Pacific is where New Zealand matters more, wields more influence, and can have a more positive impact Yet it is also a region of opportunity and empowerment where Pacific countries want to stand on their own two feet as equals, make their own choices, and have their distinctive voices heard on the global stage.¹⁴⁹

New Zealand does a great deal to nurture this sense of shared regional identity. New Zealand is a member of PIF and was a founding member of the original South Pacific Forum (SPF) in 1971.

¹⁵⁰ It works with regional agencies such as the Pacific Community, the Secretariat of the Pacific

¹⁴⁷ Peters, Winston. "Shifting the Dial, Eyes Wide Open, Pacific Reset." *The Lowy Institute*, March 2, 2018. <https://www.lowyinstitute.org/publications/winston-peters-new-zealand-pacific>.

¹⁴⁸ *Ibid.*

¹⁴⁹ *Ibid.*

¹⁵⁰ "Formal Connections." New Zealand Ministry of Foreign Affairs and Trade. Accessed May 1, 2020. <https://www.mfat.govt.nz/en/aid-and-development/our-work-in-the-pacific/formal-connections/>.

Regional Environment Programme, the University of the South Pacific, and the Forum Fisheries Agency.¹⁵¹

New Zealand sponsors a number of regional initiatives and programs, such as the aforementioned RSE program. Under the RSE program, approved workers from Fiji, Kiribati, Nauru, Papua New Guinea, Samoa, the Solomon Islands, Tonga, Tuvalu, Vanuatu are allowed to stay and work in New Zealand for a term of seven months. Those workers coming from Tuvalu and Kiribati can stay for up to 9 months given their distance from New Zealand and the cost of travel. Potential workers are eligible when they are in good health, can pass a background check, and have secured a job offer from an RSE recognized employer. When the program was founded in 2007, the cap was set at 5,000 places, but the number has been increased annually. In 2019, the program offered 14,400 spots.

At present, the program is effectively on hold due to COVID-19. With limited exceptions for VISA holders, no one is currently permitted to enter the country, and many workers are not being permitted to leave New Zealand due to travel restrictions imposed by their home countries.¹⁵² New Zealand's COVID-19 Economic Response Package provides some coverage for RSE workers, including government funding if they fall sick, have to self isolate, or who are not working due to the lockdown. However, RSE workers in agricultural/horticultural jobs are considered essential, and thus many people participating in the RSE program are still working.

National Security

Stability in the Pacific is critical to New Zealand's national security. The 2018 Strategic Defense Policy Statement states that New Zealand has "raised the priority placed on the Defence Force's ability to operate in the South Pacific to the same level as New Zealand's territory, the Southern Ocean and Antarctica. This change recognises the challenges facing Pacific Island states — such as managing the impacts of climate change."¹⁵³

At the 2018 Pacific Islands Forum, the member states affirmed that "climate change presents the single greatest threat to the livelihood, security, and wellbeing of Pacific people."¹⁵⁴ New Zealand will certainly feel the effects of climate instability in Oceania firsthand. A 2018 Ministry of Defense report entitled, "The Climate Crisis: Defence Readiness and Responsibilities" explains, "the impacts of climate change will require more humanitarian assistance and disaster

¹⁵¹ *Ibid.*

¹⁵² <https://www.immigration.govt.nz/about-us/covid-19/recognised-seasonal-employers-rse-covid-19-information>.

¹⁵³ "Strategic Defence Policy Statement 2018." New Zealand Ministry of Defence, 2018. <https://defence.govt.nz/assets/Uploads/8958486b29/Strategic-Defence-Policy-Statement-2018.pdf>.

¹⁵⁴ "Boe Declaration on Regional Security." *Pacific Islands Forum Secretariat*, Accessed May 1, 2020. <https://www.forumsec.org/boe-declaration-on-regional-security/>.

relief, stability operations, and search and rescue missions.¹⁵⁵ The New Zealand Defence Force may be faced with more frequent and concurrent operational commitments, which will stretch resources and may reduce readiness for other requirements.”

Re-engaging the Pacific now, to build resilience and capacity in the most vulnerable Pacific Island states, is essential to mitigate the damage that widespread climate instability will do to New Zealand. The Pacific Reset seeks to meet the heightened security needs of the region both as they arise and before-the-fact.

Shared Prosperity

Regional stability reaches farther than traditional security issues. Economic and social stability in the Pacific is also in New Zealand’s best interest. As explained by Foreign Minister Peters, “Pacific Island countries with improved economic and social well-being create opportunities for themselves to improve their resilience and self-reliance.¹⁵⁶ We seek to assist Pacific Island countries to achieve sustainable economic growth and improved public financial management as the primary engines of lifting living standards and funding vital government services.”

As noted prior, New Zealand sponsors a great number of regional initiatives and programs that foster economic growth in Pacific Island states. New Zealand is also an incredibly important trade partner for PICs. In 2018, trade between New Zealand and the Pacific was worth roughly \$2.39 billion, with \$957.5 million of that value coming from goods and services imported from PICs.

New Zealand also has robust development aid partnerships with its Pacific Island neighbors. New Zealand provides aid to American Samoa, Nauru, Tokelau, the Cook Islands, New Caledonia, Tonga, the Federated States of Micronesia, Niue, Tuvalu, Fiji, Palau, Vanuatu, French Polynesia, Papua New Guinea, Wallis and Futuna, Kiribati, Samoa, the Marshall Islands, and the Solomon Islands.¹⁵⁷

Though China is now the second largest state lender to the region, New Zealand remains the second largest state donor, behind Australia.¹⁵⁸ As displayed in Figure 5, between 2011 and 2017, New Zealand provided roughly \$1.51 billion to its Pacific Island partners;¹⁵⁹ 100% of that aid was provided as grants. Aid to PICs accounts for over 60% of all international aid provided New Zealand’s Ministry of Foreign Affairs and Trade (MFAT).¹⁶⁰ Aid to neighboring PICs is

¹⁵⁵ “The Climate Crisis: Defence Readiness and Responsibilities.” New Zealand Ministry of Defence, November 2018. <https://www.defence.govt.nz/assets/Uploads/66cfc96a20/Climate-Change-and-Security-2018.pdf>.

¹⁵⁶ Peters, Winston. “Shifting the Dial, Eyes Wide Open, Pacific Reset.”

¹⁵⁷ “Formal Connections.” *New Zealand Ministry of Foreign Affairs and Trade*.

¹⁵⁸ “Pacific Aid Map.” Lowy Institute.

¹⁵⁹ *Ibid.*

¹⁶⁰ “Formal Connections.” *New Zealand Ministry of Foreign Affairs and Trade*.

supposed to increase under the Pacific Reset; the most recent MFAT Annual Report, for 2019, states that ODA in 2018-2019 increased by over 29% from 2017-2018, with about 60% of total aid being provided to the Pacific.¹⁶¹

Figure 5: Aid Spent 2011-2017

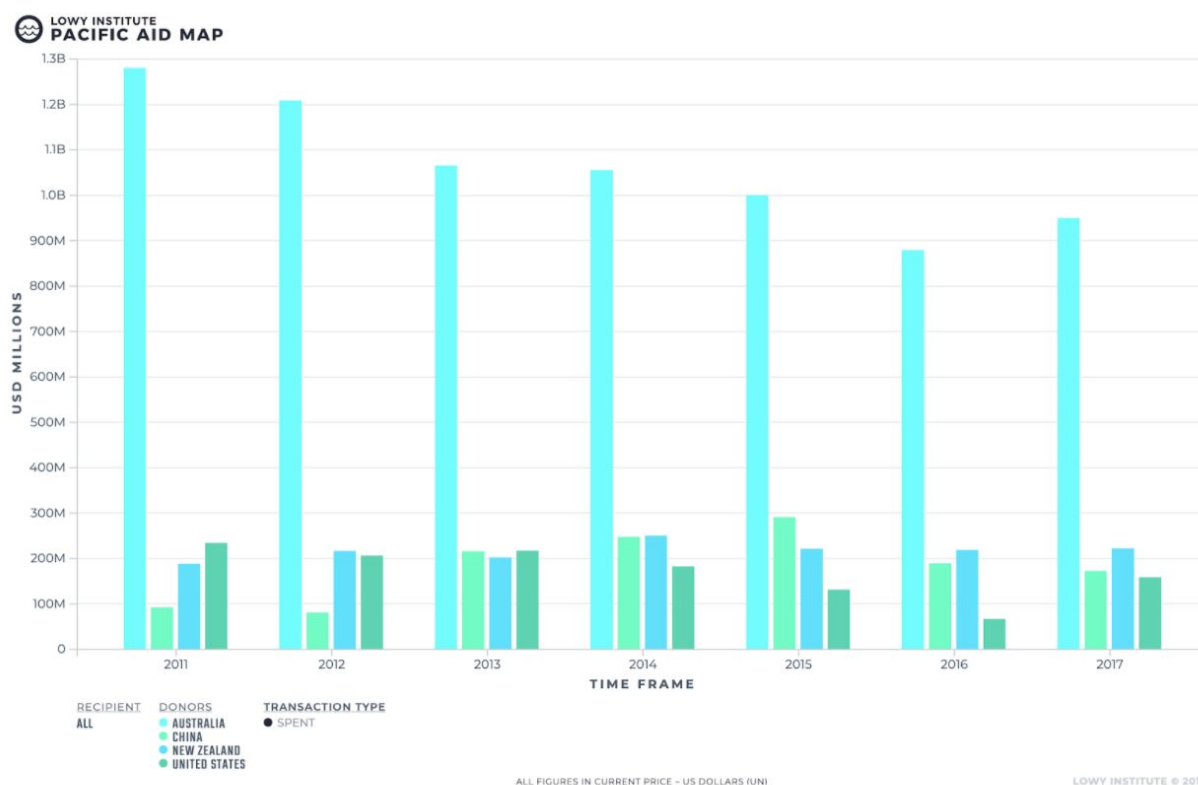


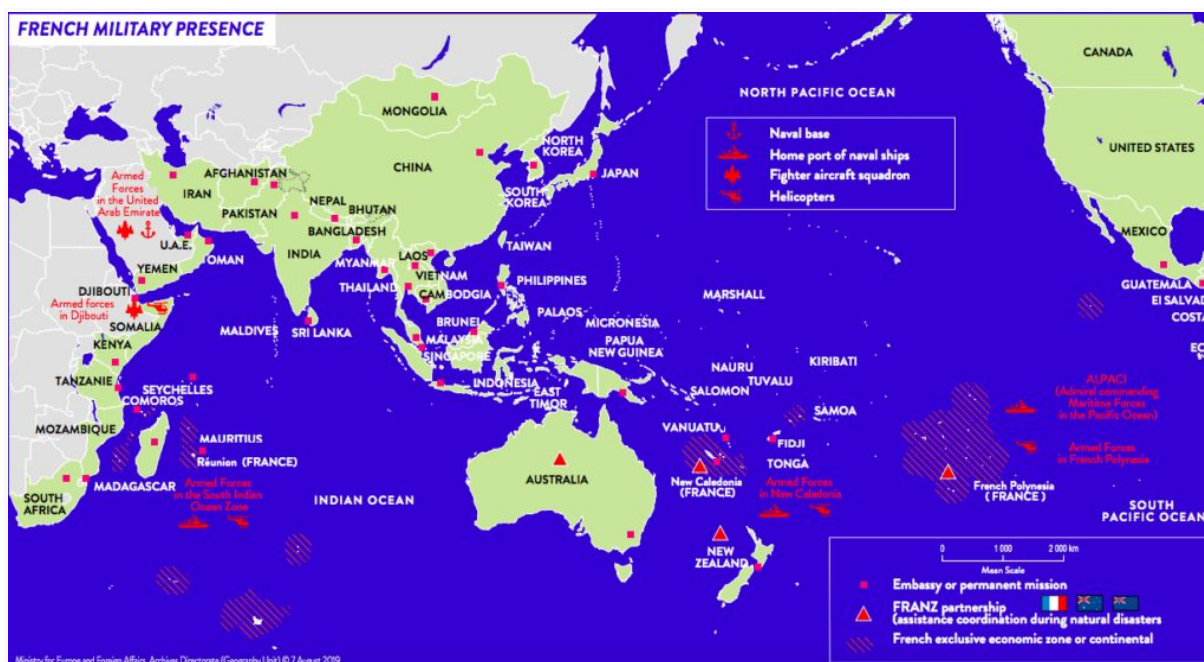
Figure generated at <https://pacificaidmap.lowyinstitute.org/graphingtool#>.

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<https://www.mfat.govt.nz/assets/MFAT-Corporate-publications/MFAT-Annual-Report-2019/Annual-report-2019-Web-Edition.pdf>.

France

France is an important security and development actor in the Pacific and should be considered in ongoing US efforts to re-engage the region. Given its extensive colonial history and ongoing governance relationship with its three remaining territories, it is impossible to understand the geopolitics of the region without an eye on Paris. France's physical presence affords it a significant geostrategic advantage and its key role within the FRANZ partnership since 1992 shows it has the technical ability and willingness to coordinate emergency response in the region. France's status as a climate leader and top consumer of tourism and mineral resources in the region makes it an ideal partner for engaging with key Pacific actors in multilateral settings. Despite French President Emmanuel Macron's visit to French Polynesia for the One Planet Summit being delayed for the second time due to the outbreak of COVID-19, the overall trend is an increase in French diplomatic, economic, and cultural outreach in the region.



France Assets in Oceania

As an overview, France claims four territories in the Pacific: New Caledonia, Wallis and Futuna, French Polynesia, and the uninhabited Clipperton Island. French Polynesia is best known as home to the Tahiti and Bora Bora islands that attract tourists from around the world. In New Caledonia, France indirectly controls one-fourth of the world's nickel reserve. New Caledonia is the most strategically significant possession, since aside from being mineral-rich it hosts the

French Navy fleet based in Noumea. At present the fleet consists of two surveillance frigates, four patrol vessels, two multi-mission ships, five maritime surveillance aircraft, four tactical transport aircraft, and several helicopters.¹⁶² 2,800 French military personnel are stationed in the entire region.¹⁶³ France's territorial footprint in the Pacific is the largest Exclusive Economic Zone in the world (11,691,000 square kilometers), granting rights to highly valuable fish resources as well as an invaluable geostrategic position. As of 2016, France sits on the Pacific Islands Forum, giving it a voice in regional decision making.

History of Regional Presence

For the French and French-speaking Pacific Islanders, the history of the centuries-long exploration and empire remains relevant to the region even today. As Napoleon III focused on expanding the French presence in then-Indochina in the mid-to-late 19th century, trips to the Pacific islands evolved from the missionary trips that had occurred sporadically since the 17th century to outright conquest. Between the "Scramble for Africa" period where France, the United Kingdom, Germany and Belgium divided up the African continent and World War I, France established a series of colonies and protectorates in the Pacific islands.

As part of the *Grande Nation*, the Pacific islands, much like Caribbean island outposts and the major colonial hubs in Africa and Asia, were incorporated into global trade under the auspice of Paris. Not only did resources and raw materials get exported from the islands, people were an import. Indentured workers under the *corvée* (forced labor) system were brought to plantations in New Hebrides, now Vanuatu but then a joint colony of the United Kingdom and France, and to nickel mines in New Caledonia. "Blackbirding" was the practice of abducting Pacific Islander people from New Caledonia, the Loyalty Islands, New Hebrides, New Guinea, and the Solomon Islands for sale into the slave trade for the sugar cane plantations in Fiji and Queensland. Later, World War II would bring thousands of soldiers fighting in the Pacific front. This focus on the people dimension of imperialism is significant as Europeans introduced diseases like smallpox and measles to the region, wiping out untold numbers of native islanders.

Due to demands for French citizenship for its colonial subjects in Africa, France established Territorial Assemblies and eventually allowed some colonies to have representation in the French National Assembly. Though the Pacific islands are a relatively minor player in the story of decolonization after World War II, New Caledonia, French Polynesia, and Wallis and Futuna

¹⁶² Peter Henson, "France: That other power in the Pacific", *UK Defence Journal*, June 5, 2017, <https://ukdefencejournal.org.uk/france-power-pacific/>.

¹⁶³ Alexandre Dayant, "Not one, but two new points of tension for France in the Pacific", *The Interpreter*, Lowy Institute, March 19, 2019, <https://www.lowyinstitute.org/the-interpreter/not-one-two-new-points-tension-france-pacific>.

became Overseas Territories and their populations became French citizens in 1946. Vanuatu became independent from Anglo-French control in 1980. Though France has a past colonial relationship with the Republic of Vanuatu and maintains ownership of an uninhabited coral atoll, Clipperton Island, the three primary territories in the region are New Caledonia, French Polynesia, and Wallis and Futuna. The first is a collectivity (*Pays d'Outremer*) with more status whereas the latter two are territories (*Territoire d'Outre-Mer*) with a lesser degree of autonomy.

France governs its overseas territories, departments, and collectivities under the auspice of the Minister of Overseas France. For comparison's sake on contemporary arrangements, the United States continues to maintain Compacts of Free Association with the Federated States of Micronesia, Palau, and the Marshall Islands. France considers itself “a nation of the Indo-Pacific”, since it governs 1.5 million French citizens and claims 93% of its exclusive economic zones in the region.¹⁶⁴

While total aid from all national and multilateral actors totals \$2–3 billion, France sends more than that to its territories annually at just over \$3 billion.¹⁶⁵ These subsidies are paid to French Polynesia as compensation for past nuclear testing, New Caledonia for nickel revenues and as a condition of its remaining French, and Wallis and Futuna since it is a “dependency” of France.¹⁶⁶ This is not considered aid, so these funds won't show up in many of the data sources on development in this region. This means that while China, New Zealand, and Australia make significant aid contributions, France is a major external contributor as well.

In November 2018, a referendum to establish New Caledonia as an independent state was defeated by 56.4% of voters. With just shy of 300,000 people, ethnic Melanesians constituted 39% of the population in 2014, followed by those of European descent at 27%.¹⁶⁷ New Caledonians elected to remain a French territory with turnout exceeding 80 percent.¹⁶⁸ Set into motion by the 1998 Noumea Accord, this vote marked the high-water mark of the 30-year peace process in the country aiming to settle long-standing tensions between the indigenous Kanak population and French settlers. Prior to the referendum, President Macron made a high-profile visit to the island nation carefully timed to mark three key anniversaries of the secession movement in the French territory, remarking that the “pains of colonization” remain and

¹⁶⁴ “The Indo-Pacific region: a priority for France”, *Ministère de l'Europe et des Affaires étrangères*, <https://www.diplomatie.gouv.fr/en/country-files/asia-and-oceania/the-indo-pacific-region-a-priority-for-france/>

¹⁶⁵ Nic Maclellan, “France and the Blue Pacific.” 2018. *Asia Pac Policy Stud*, 5: 426– 441. <https://onlinelibrary.wiley.com/doi/full/10.1002/app5.228>

¹⁶⁶ Anne-Marie d'Hauteserre, “Cultural Tourism in the French Pacific”, University of Waikato, *Shima Journal*. <https://www.shimajournal.org/issues/v11n1/h.-d'Hauteserre-Shima-v11n1.pdf>

¹⁶⁷ “New Caledonia” in CIA World Factbook. <https://www.cia.gov/library/publications/the-world-factbook/geos/nc.html>.

¹⁶⁸ “New Caledonia votes to remain part of France”, *Financial Times*, Nov. 4, 2018. <https://www.ft.com/content/c26d60ae-e023-11e8-a6e5-792428919cee>

honoring “dignified” efforts for Kanak autonomy but concluding that “France would be less beautiful without New Caledonia.”¹⁶⁹

For French Polynesia, a legal challenge brought the eyes of the world to the French role in the South Pacific in 2018. The former President of the territory, Oscar Temaru, brought a case to the International Criminal Court (ICC) for alleged “crimes against humanity” over nuclear tests conducted by France between 1960 and 1996. The fact pattern states that the atolls of Mururoa and Fangataufa were the sites of 193 nuclear tests over three decades until then-president Jacques Chirac ended the program in the 1990s. Temaru, a supporter of Polynesian independence, accused France of “ignored and shown contempt” for his offers since 2013 for a UN-negotiated settlement to compensate Polynesian citizens who suffered health complications as a result of the nuclear tests. A 2010 French law created a new legal status for veterans and others whose cancer could be attributed to the testing to file claims, but only about 20 of 1,000 complaints have resulted in compensation. It rejected acknowledging environmental consequences, despite radioactive waste being buried on the Mururoa atoll.¹⁷⁰ This evokes a comparison to the Marshall Islands, since the post-nuclear materials are not climate-proofed. Though it is still yet to be seen whether the Court will accept the case, the Minister of Overseas France, Annick Girardin, has criticized the lawsuit as being an abuse of the ICC for domestic political purposes.¹⁷¹

Paris and the Paris Agreement

France’s status as a climate leader bolsters its legitimacy in the region by strengthening its diplomatic relationships with Pacific actors. For the French territories in the Pacific, rising temperatures are an existential question. Inhabitability caused by climate change puts the homes and livelihoods of the upwards of 2 million people who live on the 25,000 islands that make up Micronesia, Melanesia, and Polynesia (excluding Papua New Guinea) at risk. Salinization of the water supply, coastal inundation, and destruction to increasingly extreme natural disasters are three major concerns. Regardless of what climate migration may look like in the coming decades, whether that be managed retreat or forced evacuation, and what rights citizens have to relocate and humanitarian assistance, France certainly has a major stake. With the US having already begun its formal withdrawal from the 2015 Paris Climate Agreement, France continues to be a symbol of the developed world’s commitment to limiting global warming.

¹⁶⁹ *Ibid.*

¹⁷⁰ “France urged to clean up deadly waste from its nuclear tests in Polynesia”, *The Guardian*, Feb. 7, 2012. <https://www.theguardian.com/world/2012/feb/07/france-polynesia-atolls-nuclear-tests>

¹⁷¹ “France Sued Over Past Nuclear Tests”, *Arms Control Today*, Nov. 2018. <https://www.armscontrol.org/act/2018-11/news-briefs/france-sued-over-past-nuclear-tests>

In the French government's white paper "Strategy for an Inclusive Indo-Pacific", adaptation to climate change is identified as a major priority.¹⁷² It identifies collaboration between the French Ministry for Europe and Foreign Affairs and the French Agency for Development on projects in the region on issues like sustainable urban planning and water management. As part of the goal of acting as a stabilizing mediator in the region, the document outlines, "a commitment to promote common goods (climate change, the environment and biodiversity, healthcare, education, digital technology, high-quality infrastructure), in a region undergoing rapid demographic, social and urban transition."¹⁷³ The explicit acknowledgment of climate security in foreign policy affords the French a legitimacy with Pacific island states that the United States and Australia cannot rival on this issue.

The governments of these island states are taking steps individually to mitigate these risks and plan for their peoples in the event of relocation. Several of these low-lying Pacific countries and territories have joined together to ask the international community not to turn a blind eye to their plight on the "frontlines" of climate change.¹⁷⁴ The Suva Declaration, drafted by the representatives of Fiji, the Marshall Islands, and several other Pacific island states in 2015, pushed for ambitious goals during the COP21, including climate financing mechanisms and the modest global temperature rise of 1.5 degrees Celsius.

Defense capabilities

Military bases in New Caledonia and French Polynesia allow France to be operational in the region. In terms of personnel, French soldiers serve as "sovereignty forces" based in Overseas France. As of 2016, there were 1,400 stationed in New Caledonia and 900 in French Polynesia according to the Ministry for Defense. In 2019, military personnel in the region numbered 2,800.¹⁷⁵ In late 2018 the United Nations General Assembly called on France and the United States (which operates three bases in Guam) to close their Pacific military installations in a General Assembly resolution adopted 124 to 8. As part of an ongoing commitment to decolonization that was intended to be completed by 2010, the UN condemned France's failure to respond to UN requests about military activities on French Polynesia. Given the colonial history of France's presence in the Pacific: the three remaining territories are considered Overseas France, not

¹⁷² French Ministry for Europe and Foreign Affairs, "The Indo-Pacific region: a priority for France", <https://www.diplomatie.gouv.fr/en/country-files/asia-and-oceania/the-indo-pacific-region-a-priority-for-france/>

¹⁷³ *Ibid.*

¹⁷⁴ Kendrick Foster, "Many Small Islands, One Big Problem" in *Harvard Political Review*. Jan. 12, 2019. <https://harvardpolitics.com/world/many-small-islands/>.

¹⁷⁵ Alexandre Dayant, "Not one, but two new points of tension for France in the Pacific", *The Interpreter*, Lowy Institute, March 19, 2019, <https://www.lowyinstitute.org/the-interpreter/not-one-two-new-points-tension-france-pacific>.

external entities. International intervention in French affairs — how Paris perceives the UN resolution — fell on deaf ears.

Aside from capability, France has shown a willingness to deploy force: in 2019, as tensions simmered over Hunter and Matthew Islands, France sent a small naval mission to the contested territory to “reinforce its sovereignty” by offloading officers onto the island.¹⁷⁶ The deployment of a Mistral Class amphibious assault vessel, the *Jeanne d’Arc*, to do joint exercises with Japan in 2017 shows that the French navy maintains its international access and wants to engage with partners in the region.¹⁷⁷

The French security presence is likely to increase, if anything, given that Paris has indicated it wants to play a key role in countering China’s growing influence. During a visit to Sydney in 2018 President Macron pledged to join Australia “at the heart of a new Indo-Pacific axis” to shore up regional security, warning it is important to preserve a “rules-based development” and not have “any hegemony” in the region.¹⁷⁸ In the “Strategy for an Inclusive Indo-Pacific” white paper, the vision for a “stable, law-based, multipolar order” acknowledges the Chinese BRI activity and Japanese, Australian and Indian strategic interests in the region.¹⁷⁹ The preference for France is to work through regional multilateralism, evidenced by the FRANZ agreement on humanitarian response. Diplomatically, this means partnering with ASEAN and the European Union to act as a go-between for island states and regional groups like the Pacific Islands Forum. On security issues, this means partnering with allies in the region to preserve stability in the name of its interests in the prosperity of the Pacific islands.

Economic Interests

Since 1864, when nickel was discovered in New Caledonia, the French have had an economic interest in the Pacific mineral trade. Around 25% of the world’s nickel is in New Caledonia. French and other international companies continue to operate mining and smelting facilities in the territory despite increasingly volatile prices for the resource and protests over environmental concerns.¹⁸⁰ Frictions around mineral extraction and export are expected to persist, particularly if

¹⁷⁶ *Ibid.*

¹⁷⁷ Peter Henson, “France: That other power in the Pacific”, *UK Defence Journal*, June 5, 2017.

<https://ukdefencejournal.org.uk/france-power-pacific/>

¹⁷⁸ Ben Doherty, “France and Australia can be heart of new Indo-Pacific axis, Macron says”, *The Guardian*, May 2, 2018,

<https://www.theguardian.com/world/2018/may/02/france-and-australia-can-be-heart-of-new-indo-pacific-axis-macron-says>.

¹⁷⁹ French Ministry for Europe and Foreign Affairs, “The Indo-Pacific region: a priority for France”, <https://www.diplomatie.gouv.fr/en/country-files/asia-and-oceania/the-indo-pacific-region-a-priority-for-france/>

¹⁸⁰ Scott Tibballs, “Nickel and No to Independence: New Caledonia Sticks to France”, *Nickel Investing News*, November 6, 2018.

other sources of revenue like tourism decline due to the COVID-19 pandemic in the near term and climate degradation in the long term.

The tourist islands of Tahiti and Bora Bora in French Polynesia are known for their coral-filled lagoons, crystal clear waters, and bungalow hotels. Stunning white- and black-sand beaches, rugged mountains, and picturesque waterfalls attract visitors from all over the world to trek to these distant locations. The barrier reefs attract divers and snorkelers in particular. Tourism is a major shaper of life in these islands: Polynesian migrants from the outer archipelagos relocate to Tahiti seeking economic opportunities.

Cruises are a key source of tourism revenue due to the port services industry that cruise companies depend on and business that passengers and crew provide once on-land. The main island of New Caledonia, Grande Terre, is affectionately known by the French people as *Le Caillou* (the pebble). Anne-Marie d'Hauteserre of the University of Waikato in New Zealand, who has written on the phenomenon of cultural tourism in the French Pacific, argues that “demand is increasing for islands with ‘primitive’ cultures because tourists perceive these as more ‘authentic’” such as indigenous festivals and rituals.¹⁸¹

Economically, France considers the Pacific islands as important trading partners, and the physical access in the region for shipping even more valuable. As far as maritime shipping goes, France commands a larger domain than any other external actor and the largest Economic Exclusive Zone in the world.¹⁸² This means special rights to shipping, fishing, and other commercial activity in 11,691,000 square kilometers of the Pacific Ocean.¹⁸³

As far as development goes, the French Pacific is more well-off than other Pacific island countries on the whole, but inequality is persistent due to the uneven distribution of wealth from these industries. Wallis and Futuna is the least developed of the three, where 60% of people practice subsistence living, which makes sense as it has neither the booming tourism industry of French Polynesia or the mineral resources of New Caledonia.¹⁸⁴ (Only 15,763 people live in Wallis and Futuna, compared to a combined 573,127 people in the other two.)

<https://investingnews.com/daily/resource-investing/base-metals-investing/nickel-investing/nickel-independence-new-caledonia-sticks-france/>

¹⁸¹ “Cultural Tourism in the French Pacific”, Anne-Marie d'Hauteserre, University of Waikato, *Shima Journal*.
<https://www.shimajournal.org/issues/v11n1/h.-d'Hauteserre-Shima-v11n1.pdf>.

¹⁸² Nic Maclellan, “France and the Blue Pacific.” 2018. *Asia Pac Policy Stud*, 5: 426– 441.
<https://onlinelibrary.wiley.com/doi/full/10.1002/app5.228>

¹⁸³ Peter Henson, “France: That other power in the Pacific”, *UK Defence Journal*, June 5, 2017.
<https://ukdefencejournal.org.uk/france-power-pacific/>

¹⁸⁴ Anne-Marie d'Hauteserre, “Cultural Tourism in the French Pacific”, University of Waikato, *Shima Journal*.
<https://www.shimajournal.org/issues/v11n1/h.-d'Hauteserre-Shima-v11n1.pdf>.

International Engagement in the Region

As mentioned above, the French foreign affairs ministry and defense forces coordinate with Australia and New Zealand within the FRANZ Agreement to respond to humanitarian emergencies in the region. In many of the recent response incidents, the primary French contribution has been the use of its military aircraft, specifically the small CASA planes, and navy vessels to transport emergency response personnel, medical supplies and other equipment to affected areas. France has played a part in over 15 relief operations in the Pacific over the last 25 years: in Fiji, Vanuatu, the Solomon Islands, Niue, Papua New Guinea, Tonga, Tuvalu and the Cook Islands. France's role in this trilateral partnership is an important source of humanitarian legitimacy to support its ongoing defense role, given that it is the only European country to have a military presence in the region.

Regarding other multilateral commitments, there has been some controversy over French influence in the Pacific Islands Forum (PIF). PIF was founded in 1971 by independent and sovereign nations with a shared desire to help decolonize the remaining island colonies. In 2016, PIF admitted New Caledonia and French Polynesia, the first “non-self-governing territories”, in the parlance of the UN, to be full members.¹⁸⁵ This role allows France to have a clear sense of the region's interests and a stake in decision making beyond just its territories. For the United States, this is one reason why France is an ideal partner for engaging the region in multilateral settings. French diplomats have relationships with many Pacific island states and though it carries the weight of a colonial and nuclear past, its interests are well-known and its foothold is not seen as short-term strategic posturing by regional partners like other external powers.

The French and the future

Looking more broadly at the realm of security possibilities, though large-scale armed conflict or violent extremism remains a distant concern for the Pacific islands, it can't be discounted entirely. The example of Operations Serval and Barkhane in 2013-4 Mali and the ongoing contestation over the French role in that country show that where Paris has a post-colonial relationship as well as ongoing security interest in stability, it is willing to commit major resources.

France considers itself a Pacific actor and is eager to compete as a global player. The Macron government's “Strategy for an inclusive Indo-Pacific” heavily emphasizes French interests in

¹⁸⁵Alexandre Dayant, “Not one, but two new points of tension for France in the Pacific”, *The Interpreter*, Lowy Institute, March 19, 2019, <https://www.lowyinstitute.org/the-interpreter/not-one-two-new-points-tension-france-pacific>.

peace and security in the region.¹⁸⁶ Though this African example is different to the Pacific territories in question in uncountable ways, it's important to include France as a security actor in play when assessing the strategic landscape over contestation over Oceania that has ramped up due to climate risk and Chinese involvement.

Japan

As global interest in Oceania grows, Japan is actively deepening its ties with the Pacific Island Countries.

Japan has a long history of engagement in Oceania; Japanese Prime Minister Abe has said that Japan and the PICs share “an expansive oceanic identity.”¹⁸⁷ However, Japan's current, heightened interest in Oceania is a relatively recent development. As Indo-Pacific neighbors, Japan and the PICs share a number of common interests. Japan and the PICs are trade partners; they face common climate challenges; and Oceania is strategically important to Japan's Free and Open Indo-Pacific Strategy (FOIPS).¹⁸⁸ With more major powers now paying attention to Oceania, Japan is leaning on its traditional ties to the PICs to protect national interests and secure Japan's role as a regional leader.

Japan's Historical Role in Oceania

Following WWI, the Empire of Japan held a League of Nations mandate over a number of Central Pacific island groups.¹⁸⁹ Under the mandate, Japan administered the Carolines, Marshalls, Marianas (except for Guam), and the Pelew Group — island groups previously held by Imperial Germany.¹⁹⁰ Today, these islands are part of the Federated States of Micronesia, the Marshall Islands, the Northern Mariana Islands, and Palau.

During WWII, the Pacific Island region served as the frontline of the Pacific Theater. By 1943, Imperial Japan's reach extended as far East as the Gilbert Islands (present-day Kiribati) and as far South as Guadalcanal in the Solomon Islands.¹⁹¹

¹⁸⁶ French Ministry for Europe and Foreign Affairs, “The Indo-Pacific region: a priority for France”, <https://www.diplomatie.gouv.fr/en/country-files/asia-and-oceania/the-indo-pacific-region-a-priority-for-france/>

¹⁸⁷ “Oceania.” *Ministry of Foreign Affairs of Japan*, Accessed May 1, 2020.

https://www.mofa.go.jp/a_o/ocn/page4e_000824.html.

¹⁸⁸ “Towards Free and Open Indo-Pacific.” *Ministry of Foreign Affairs of Japan*, November 2019.

<https://www.mofa.go.jp/files/000407643.pdf>.

¹⁸⁹ Williams, E. T. “Japan's Mandate in the Pacific.” *The American Journal of International Law* 27, no. 3 (1933): 428-39. Accessed May 1, 2020. doi:10.2307/2189972.

¹⁹⁰ *Ibid.*

¹⁹¹ “The Pacific Strategy, 1941-1944.” *The National WWII Museum*, Accessed May 1, 2020. <https://www.nationalww2museum.org/war/articles/pacific-strategy-1941-1944>.

In the post-WWII era, Japan has supplied a great deal of economic assistance to the PICs; however, as explained in a 2019 report by former Vice Minister of Defense for International Affairs, Hideshi Tokuchi, “the Japanese had not paid close attention to the region until recently.”

¹⁹²

Increasing Regional Engagement

Multilateral Engagement

Japan works with a number of regional organizations and fora including the PIF, the Secretariat of the Pacific Community (SPC), the South Pacific Regional Environment Programme (SPREP), the Pacific Island Development Program (PIDP), and the Small Island Developing States Network (SIDSNET).¹⁹³ Though it’s not a PIF member, Japan participates in the PIF’s post-forum dialogues alongside the US, China, and France, among others. In 1996, Japan and the Pacific Islands Forum (PIF) established the Pacific Islands Centre, an international organization that aims to foster sustainable economic development through the promotion of trade, investment and tourism between Japan and the PICs.¹⁹⁴

Additionally, in 1997, Japan and the PIF established the Pacific Islands Leaders Meeting (PALM). Japan hosts a summit-level meeting every three years; the meetings include the leaders of Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Republic of Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.¹⁹⁵ In the most recent meeting, PALM8, held in 2018, New Caledonia and French Polynesia participated as regions.¹⁹⁶ The meeting, themed “We are Islanders — Partnership Towards Prosperous, Free and Open Pacific Results,” stressed the importance of upholding maritime order and sustainable ocean management, as well as the need for resilient and sustainable development.¹⁹⁷ Prime Minister Abe pledged to deepen Japan’s commitment to

¹⁹² Tokuchi, Hideshi. “The Pacific Island Nations and Japan-U.S. Alliance Cooperation.” *Sasakawa Peace Foundation USA*, August 22, 2019.

<https://spfusa.org/wp-content/uploads/2019/08/Pacific-Island-Nations-and-Japan-U.S.-Alliance-Cooperation-FINAL.pdf>.

¹⁹³ <https://www.mofa.go.jp/region/asia-paci/spf/index.html>

¹⁹⁴ “The Pacific Islands Centre.” *Ministry of Foreign Affairs of Japan*, Accessed May 1, 2020.

<https://www.mofa.go.jp/region/asia-paci/spf/pic/index.html>.

¹⁹⁵ “Pacific Islands Leaders Meeting (PALM).” *Ministry of Foreign Affairs of Japan*, Accessed May 1, 2020.

<https://www.mofa.go.jp/region/asia-paci/palm/index.html>.

¹⁹⁶ “The Eighth Pacific Island Leaders Meeting (PALM8) (Overview of Results).” *Ministry of Foreign Affairs of Japan*, May 19, 2018. https://www.mofa.go.jp/a_o/ocn/page3e_000900.html.

¹⁹⁷ Hurst, Daniel. “Japan’s Pacific Island Push.” *The Diplomat*, May 24, 2018.

<https://thediplomat.com/2018/05/japans-pacific-island-push/>.

the stability and prosperity of the region and, with regard to resilience and sustainable development, to provide as much support as possible.¹⁹⁸

Today, opportunities like the PALM process are more important to Japan than ever. These multilateral summits are an opportunity to engage regional partners on shared Pacific problems like resource management and climate change; to balance against China's growing influence in the region; and to bolster Japan's status both as a regional partner and as a regional power.

Climate Cooperation

Japan is an active and empathetic partner when it comes to climate cooperation in the Pacific. Japan's own climate concerns create a unique kind of vested interest in maintaining stability and increasing resilience in the wider region. Recent national adaptation plans highlight Japan's vulnerability to natural disasters, rising sea levels, changing agricultural conditions, and other climate-caused problems.¹⁹⁹ In light of the threat it faces, Japan has positioned itself as a global climate leader. Japan has hosted all three of the UN's World Conferences on Disaster Risk Reduction – first in Yokohama, then in Kobe, and, most recently in 2015, in Sendai. The products of these Conferences include the Hyogo Framework and the Sendai Framework. Japan is the second largest donor, behind the EU, to the UN's Climate Technology Centre & Network (CTCN),²⁰⁰ and it is a major funder of the Green Climate Fund (GCF).²⁰¹ It is party to the Paris Agreement, and, as of June 11, 2019, the Cabinet has pledged to pursue a “decarbonized society,” and to take measures to reduce GHG by 80% by 2050.²⁰²

In recent years, Japan's international climate efforts have provided more direct support to Oceania. For example, in 2018 the Governments of Japan and Samoa founded the Pacific Climate Change Centre (PCCC) — a regional research center housed in Apia, Samoa and hosted by SPREP.²⁰³ The PCCC is intended to:

¹⁹⁸ “The Eighth Pacific Island Leaders Meeting (PALM8) (Overview of Results).” *Ministry of Foreign Affairs of Japan*.

¹⁹⁹ “National Plan for Adaptation to the Impacts of Climate Change” *Cabinet of Japan*, Accessed May 1, 2020. <https://www.env.go.jp/en/earth/cc/nationalplan151127-2.pdf>

²⁰⁰ Tomoo Machiba, “International Conference on Climate Change and Fragility in the Asia-Pacific Region 2019: Session 3 Presentation,” Talk, *Ministry of Foreign Affairs of Japan*, Accessed May 1, 2020. https://www.youtube.com/watch?v=_gsKbeV29BQ&feature=youtu.be.

²⁰¹ “Status of Pledges and Contributions (Initial Resource Mobilization)” *Green Climate Fund*, Accessed May, 1 2020. <https://www.greenclimate.fund/document/status-pledges-and-contributions-initial-resource-mobilization>.

²⁰² “National Plan for Adaptation to the Impacts of Climate Change” *Cabinet of Japan*, Accessed May 1, 2020. <https://www.env.go.jp/en/earth/cc/nationalplan151127-2.pdf>.

²⁰³ “Pacific Climate Change Centre.” *Secretariat of the Pacific Regional Environmental Programme*, Accessed May 1, 2020. <https://www.sprep.org/pacific-climate-change-centre>.

Deliver capacity development programmes in adaptation, mitigation, climate services and project development. It will promote and foster applied research, drive innovation and build capacity in these areas[;]

Improve the flow of practical information between met services, climate practitioners, policy makers, researchers, scientists and those implementing policies, programmes and projects[;]

Provide space for visiting researchers and experts to work from the PCCC and work directly in providing support to and for the benefit of Pacific island countries and territories[; and]

Bring together partners to find innovative solutions to the challenges that climate change presents.²⁰⁴

The actual construction of the PCCC was funded by the Japan International Cooperation Agency (JICA); but Japan's commitment to the Centre goes beyond funding. The Government of Japan will provide technical training programs on adaptation, mitigation, and improving access to climate finance as part of its commitment to the PCCC.

The PCCC is an important contribution to stability and resilience in Oceania. It also highlights, quite plainly, Japan's desire to be a climate leader in the Pacific and the broader international community.

Defense Cooperation

For the first time ever, Japan's most recent defense policy, adopted in 2018, includes an explicit reference to increasing defense cooperation and exchange with PICs.²⁰⁵ The National Defense Program Guidelines (NDPG) for 2019 stated, "[w]ith island nations of the Pacific Ocean, Japan will promote port and airport visits by [Self Defense Forces (SDF)] as well as exchanges and cooperation that utilize capabilities and characteristics of each service of SDF."²⁰⁶

Defense engagement efforts are not entirely new. As noted in Tokuchi's report, Japan's Naval forces already participate in the US Pacific Fleet's Pacific Partnership Program;²⁰⁷ Japan's Ministry of Defense (MOD) provides capacity building assistance to PNG; Fiji participated in

²⁰⁴ *Ibid.*

²⁰⁵ Tokuchi, Hideshi. "The Pacific Island Nations and Japan-U.S. Alliance Cooperation."

²⁰⁶ "National Defense Program Guidelines for FY 2019 and Beyond." *Ministry of Defense of Japan*, December 18, 2018. http://www.cas.go.jp/jp/siryoku/pdf/2019boueikeikaku_e.pdf.

²⁰⁷ Tokuchi, Hideshi. "The Pacific Island Nations and Japan-U.S. Alliance Cooperation."

MOD's 2018 Tokyo Defense Forum; and in 2018 the Nippon Foundation, a Tokyo-based nonprofit, provided a number of Coast Guard patrol boats to Palau.²⁰⁸

Nevertheless, the explicit mention of PICs in the NDPG is significant, and it is a further demonstration of how Japan is seeking to balance against China's growing Pacific power.

Japanese Aid to Oceania

Since 2011, Japan has provided \$1.10 billion in aid to PICs. \$929.98 million — 84.2% — of that aid has been provided as grants.²⁰⁹ Japan maintains diplomatic relations with and provides aid to the Cook Islands, Fiji, Kiribati, the Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, the Solomon Islands, Tonga, Tuvalu, and Vanuatu.²¹⁰ The top five recipients of Japanese aid have been Papua New Guinea, the Solomon Islands, Vanuatu, Samoa, and Tonga.²¹¹ Aid to these countries accounted for 66% of all aid given since 2011, with aid to the Solomon Islands accounting for about 11.1%, Vanuatu 10.6%, Samoa 10.3%, and Tonga 8.9%.

Potential for Cooperation

The United States should view Japan's interest in Oceania as an opportunity for increased cooperation. As international interest in the region grows, working together with Japan to engage PICs through defense cooperation efforts or climate security cooperation projects could do a great deal to signal the US's commitment to the broader Indo-Pacific; to bolster the US-Japan alliance; and to deepen US relations with allies in Oceania.

²⁰⁸ "The Nippon Foundation to Handover Patrol Vessel, Marine Law Administrative Building, and Vessel Berth to the Republic of Palau." *PalauGov.pw*, February 13, 2018.
<https://www.palau.gov.pw/the-nippon-foundation-to-handover-patrol-vessel-marine-law-administrative-building-and-vessel-berth-to-the-republic-of-palau/>.

²⁰⁹ "Pacific Aid Map." *Lowy Institute*.

²¹⁰ "Japan-Oceania Relations." *Ministry of Foreign Affairs of Japan*, Accessed May 1, 2020.
<https://www.mofa.go.jp/region/asia-paci/index2.html>.

²¹¹ "Pacific Aid Map." *Lowy Institute*.

Policy Recommendations for US Government

Climate change will have lasting, damaging impacts on Oceania as a region. Additionally, as China's presence in the region grows, Oceania's geopolitical influence will grow as well. In light of these concerns, US allies and regional partners including Australia, New Zealand, France, and Japan are bolstering their commitments and ties to the region. In the interest of preserving a free and open Indo-Pacific – in the interest of preserving stability and promoting prosperity in the region – we recommend that the US do the same. The US should increase its regional involvement in Oceania in the following ways:

Early Warning and Risk Reduction

- The US Government's scientific assets and capabilities in Hawaii, such as National Oceanic and Atmospheric Administration resources, should be used to support the FRANZ Agreement with early warning capabilities.
- Further, the US should seek to support the FRANZ Agreement and Oceanic states through CFE-DM Humanitarian and Disaster Response Training. Such efforts should focus on building local capacity and ensure that FRANZ and other disaster response plans do not crowd out or otherwise adversely affect local resources.

Economic Engagement

- US Official Development Assistance should be given in grants to the greatest degree possible.
- US Development Finance Corporation, established in the 2018 BUILD Act, and USAID projects should ensure infrastructure and development projects are both sustainable economically and help address climate resilience and disaster preparedness. Further, projects should address regional data and imagery deficiencies and programs should be geared towards worker training and economic opportunity.
- In addition to infrastructure projects, Development Finance Corporation, funds should be allocated to Oceania to provide technical assistance geared towards increasing SIDS capacity to assess contracts, avoid debt-trap deals, and partner with American firms.
- The Office of the US Trade Representative should grant Generalized System of Preferences trading status to Oceania's small island developing states.

Diplomatic Engagement

- The US Department of State should renew the 20-year Compacts of Free Association with Federal States of Micronesia and the Republic of the Marshall Islands that are set to expire in 2023, and Palau in 2024.
- The US Department of State should explore ways to increase work permits to the mainland US from US territories in Oceania.
- US diplomatic engagement with the Pacific Island Forum should be based out of respect for PIF's renewed processes for regional leadership and economic development, as well as its ambitious climate change agenda.

Defense Interests

- US Department of Defense funding should be allocated to address US military assets' vulnerabilities to rising sea levels.
- USINDOPACOM should continue to support Multinational Planning Assistance Team (MPAT) operations such as Tempest Express.
- USINDOPACOM should continue conduct operations like the Marine's Koa Moana, and should support the Army's development of Oceania-specific Pacific Pathways programs.
- Development and/or military funding to the Republic of the Marshall Islands should be allocated for cleaning up nuclear waste facilities stemming from past US testing.

Climate Leadership

- The Federal and State governments should seek global leadership on greenhouse gas emissions abatement, renewable energy innovations, and re-establish US commitments to the Paris Agreement.